

**RULES COMMITTEE PRINT 114-40**

**TEXT OF HOUSE AMENDMENT #2 TO THE SENATE  
AMENDMENT TO H.R. 2029, MILITARY CON-  
STRUCTION AND VETERANS AFFAIRS AND RE-  
LATED AGENCIES APPROPRIATIONS ACT,  
2016**

**Showing the text of the Consolidated Appropriations Act,  
2016.**

At the end of House amendment #1, insert the fol-  
lowing:

1 **DIVISION** **Q—PROTECTING**  
2 **AMERICANS FROM TAX HIKES**  
3 **ACT OF 2015**

4 **SECTION 1. SHORT TITLE, ETC.**

5 (a) **SHORT TITLE.**—This division may be cited as the  
6 “Protecting Americans from Tax Hikes Act of 2015”.

7 (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
8 wise expressly provided, whenever in this division an  
9 amendment or repeal is expressed in terms of an amend-  
10 ment to, or repeal of, a section or other provision, the ref-  
11 erence shall be considered to be made to a section or other  
12 provision of the Internal Revenue Code of 1986.

1 (c) TABLE OF CONTENTS.—The table of contents for  
2 this division is as follows:

DIVISION Q—PROTECTING AMERICANS FROM TAX HIKES ACT OF  
2015

Sec. 1. Short title, etc.

TITLE I—EXTENDERS

Subtitle A—Permanent Extensions

PART 1—TAX RELIEF FOR FAMILIES AND INDIVIDUALS

- Sec. 101. Enhanced child tax credit made permanent.
- Sec. 102. Enhanced American opportunity tax credit made permanent.
- Sec. 103. Enhanced earned income tax credit made permanent.
- Sec. 104. Extension and modification of deduction for certain expenses of elementary and secondary school teachers.
- Sec. 105. Extension of parity for exclusion from income for employer-provided mass transit and parking benefits.
- Sec. 106. Extension of deduction of State and local general sales taxes.

PART 2—INCENTIVES FOR CHARITABLE GIVING

- Sec. 111. Extension and modification of special rule for contributions of capital gain real property made for conservation purposes.
- Sec. 112. Extension of tax-free distributions from individual retirement plans for charitable purposes.
- Sec. 113. Extension and modification of charitable deduction for contributions of food inventory.
- Sec. 114. Extension of modification of tax treatment of certain payments to controlling exempt organizations.
- Sec. 115. Extension of basis adjustment to stock of S corporations making charitable contributions of property.

PART 3—INCENTIVES FOR GROWTH, JOBS, INVESTMENT, AND INNOVATION

- Sec. 121. Extension and modification of research credit.
- Sec. 122. Extension and modification of employer wage credit for employees who are active duty members of the uniformed services.
- Sec. 123. Extension of 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.
- Sec. 124. Extension and modification of increased expensing limitations and treatment of certain real property as section 179 property.
- Sec. 125. Extension of treatment of certain dividends of regulated investment companies.
- Sec. 126. Extension of exclusion of 100 percent of gain on certain small business stock.
- Sec. 127. Extension of reduction in S-corporation recognition period for built-in gains tax.
- Sec. 128. Extension of subpart F exception for active financing income.

PART 4—INCENTIVES FOR REAL ESTATE INVESTMENT

- Sec. 131. Extension of minimum low-income housing tax credit rate for non-Federally subsidized buildings.
- Sec. 132. Extension of military housing allowance exclusion for determining whether a tenant in certain counties is low-income.
- Sec. 133. Extension of RIC qualified investment entity treatment under FIRPTA.

#### Subtitle B—Extensions Through 2019

- Sec. 141. Extension of new markets tax credit.
- Sec. 142. Extension and modification of work opportunity tax credit.
- Sec. 143. Extension and modification of bonus depreciation.
- Sec. 144. Extension of look-thru treatment of payments between related controlled foreign corporations under foreign personal holding company rules.

#### Subtitle C—Extensions Through 2016

### PART 1—TAX RELIEF FOR FAMILIES AND INDIVIDUALS

- Sec. 151. Extension and modification of exclusion from gross income of discharge of qualified principal residence indebtedness.
- Sec. 152. Extension of mortgage insurance premiums treated as qualified residence interest.
- Sec. 153. Extension of above-the-line deduction for qualified tuition and related expenses.

### PART 2—INCENTIVES FOR GROWTH, JOBS, INVESTMENT, AND INNOVATION

- Sec. 161. Extension of Indian employment tax credit.
- Sec. 162. Extension and modification of railroad track maintenance credit.
- Sec. 163. Extension of mine rescue team training credit.
- Sec. 164. Extension of qualified zone academy bonds.
- Sec. 165. Extension of classification of certain race horses as 3-year property.
- Sec. 166. Extension of 7-year recovery period for motorsports entertainment complexes.
- Sec. 167. Extension and modification of accelerated depreciation for business property on an Indian reservation.
- Sec. 168. Extension of election to expense mine safety equipment.
- Sec. 169. Extension of special expensing rules for certain film and television productions; special expensing for live theatrical productions.
- Sec. 170. Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
- Sec. 171. Extension and modification of empowerment zone tax incentives.
- Sec. 172. Extension of temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands.
- Sec. 173. Extension of American Samoa economic development credit.
- Sec. 174. Moratorium on medical device excise tax.

### PART 3—INCENTIVES FOR ENERGY PRODUCTION AND CONSERVATION

- Sec. 181. Extension and modification of credit for nonbusiness energy property.
- Sec. 182. Extension of credit for alternative fuel vehicle refueling property.
- Sec. 183. Extension of credit for 2-wheeled plug-in electric vehicles.
- Sec. 184. Extension of second generation biofuel producer credit.
- Sec. 185. Extension of biodiesel and renewable diesel incentives.

- Sec. 186. Extension and modification of production credit for Indian coal facilities.
- Sec. 187. Extension of credits with respect to facilities producing energy from certain renewable resources.
- Sec. 188. Extension of credit for energy-efficient new homes.
- Sec. 189. Extension of special allowance for second generation biofuel plant property.
- Sec. 190. Extension of energy efficient commercial buildings deduction.
- Sec. 191. Extension of special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities.
- Sec. 192. Extension of excise tax credits relating to alternative fuels.
- Sec. 193. Extension of credit for new qualified fuel cell motor vehicles.

#### TITLE II—PROGRAM INTEGRITY

- Sec. 201. Modification of filing dates of returns and statements relating to employee wage information and nonemployee compensation to improve compliance.
- Sec. 202. Safe harbor for de minimis errors on information returns and payee statements.
- Sec. 203. Requirements for the issuance of ITINs.
- Sec. 204. Prevention of retroactive claims of earned income credit after issuance of social security number.
- Sec. 205. Prevention of retroactive claims of child tax credit.
- Sec. 206. Prevention of retroactive claims of American opportunity tax credit.
- Sec. 207. Procedures to reduce improper claims.
- Sec. 208. Restrictions on taxpayers who improperly claimed credits in prior year.
- Sec. 209. Treatment of credits for purposes of certain penalties.
- Sec. 210. Increase the penalty applicable to paid tax preparers who engage in willful or reckless conduct.
- Sec. 211. Employer identification number required for American opportunity tax credit.
- Sec. 212. Higher education information reporting only to include qualified tuition and related expenses actually paid.

#### TITLE III—MISCELLANEOUS PROVISIONS

##### Subtitle A—Family Tax Relief

- Sec. 301. Exclusion for amounts received under the Work Colleges Program.
- Sec. 302. Improvements to section 529 accounts.
- Sec. 303. Elimination of residency requirement for qualified ABLE programs.
- Sec. 304. Exclusion for wrongfully incarcerated individuals.
- Sec. 305. Clarification of special rule for certain governmental plans.
- Sec. 306. Rollovers permitted from other retirement plans into simple retirement accounts.
- Sec. 307. Technical amendment relating to rollover of certain airline payment amounts.
- Sec. 308. Treatment of early retirement distributions for nuclear materials couriers, United States Capitol Police, Supreme Court Police, and diplomatic security special agents.
- Sec. 309. Prevention of extension of tax collection period for members of the Armed Forces who are hospitalized as a result of combat zone injuries.

## Subtitle B—Real Estate Investment Trusts

- Sec. 311. Restriction on tax-free spinoffs involving REITs.
- Sec. 312. Reduction in percentage limitation on assets of REIT which may be taxable REIT subsidiaries.
- Sec. 313. Prohibited transaction safe harbors.
- Sec. 314. Repeal of preferential dividend rule for publicly offered REITs.
- Sec. 315. Authority for alternative remedies to address certain REIT distribution failures.
- Sec. 316. Limitations on designation of dividends by REITs.
- Sec. 317. Debt instruments of publicly offered REITs and mortgages treated as real estate assets.
- Sec. 318. Asset and income test clarification regarding ancillary personal property.
- Sec. 319. Hedging provisions.
- Sec. 320. Modification of REIT earnings and profits calculation to avoid duplicate taxation.
- Sec. 321. Treatment of certain services provided by taxable REIT subsidiaries.
- Sec. 322. Exception from FIRPTA for certain stock of REITs.
- Sec. 323. Exception for interests held by foreign retirement or pension funds.
- Sec. 324. Increase in rate of withholding of tax on dispositions of United States real property interests.
- Sec. 325. Interests in RICs and REITs not excluded from definition of United States real property interests.
- Sec. 326. Dividends derived from RICs and REITs ineligible for deduction for United States source portion of dividends from certain foreign corporations.

## Subtitle C—Additional Provisions

- Sec. 331. Deductibility of charitable contributions to agricultural research organizations.
- Sec. 332. Removal of bond requirements and extending filing periods for certain taxpayers with limited excise tax liability.
- Sec. 333. Modifications to alternative tax for certain small insurance companies.
- Sec. 334. Treatment of timber gains.
- Sec. 335. Modification of definition of hard cider.
- Sec. 336. Church plan clarification.

## Subtitle D—Revenue Provisions

- Sec. 341. Updated ASHRAE standards for energy efficient commercial buildings deduction.
- Sec. 342. Excise tax credit equivalency for liquified petroleum gas and liquified natural gas.
- Sec. 343. Exclusion from gross income of certain clean coal power grants to non-corporate taxpayers.
- Sec. 344. Clarification of valuation rule for early termination of certain charitable remainder unitrusts.
- Sec. 345. Prevention of transfer of certain losses from tax indifferent parties.
- Sec. 346. Treatment of certain persons as employers with respect to motion picture projects.

## TITLE IV—TAX ADMINISTRATION

## Subtitle A—Internal Revenue Service Reforms

- Sec. 401. Duty to ensure that Internal Revenue Service employees are familiar with and act in accord with certain taxpayer rights.
- Sec. 402. IRS employees prohibited from using personal email accounts for official business.
- Sec. 403. Release of information regarding the status of certain investigations.
- Sec. 404. Administrative appeal relating to adverse determinations of tax-exempt status of certain organizations.
- Sec. 405. Organizations required to notify Secretary of intent to operate under 501(c)(4).
- Sec. 406. Declaratory judgments for 501(c)(4) and other exempt organizations.
- Sec. 407. Termination of employment of Internal Revenue Service employees for taking official actions for political purposes.
- Sec. 408. Gift tax not to apply to contributions to certain exempt organizations.
- Sec. 409. Extend Internal Revenue Service authority to require truncated Social Security numbers on Form W-2.
- Sec. 410. Clarification of enrolled agent credentials.
- Sec. 411. Partnership audit rules.

Subtitle B—United States Tax Court

PART 1—TAXPAYER ACCESS TO UNITED STATES TAX COURT

- Sec. 421. Filing period for interest abatement cases.
- Sec. 422. Small tax case election for interest abatement cases.
- Sec. 423. Venue for appeal of spousal relief and collection cases.
- Sec. 424. Suspension of running of period for filing petition of spousal relief and collection cases.
- Sec. 425. Application of Federal rules of evidence.

PART 2—UNITED STATES TAX COURT ADMINISTRATION

- Sec. 431. Judicial conduct and disability procedures.
- Sec. 432. Administration, judicial conference, and fees.

PART 3—CLARIFICATION RELATING TO UNITED STATES TAX COURT

- Sec. 441. Clarification relating to United States Tax Court.

TITLE V—TRADE-RELATED PROVISIONS

- Sec. 501. Modification of effective date of provisions relating to tariff classification of recreational performance outerwear.
- Sec. 502. Agreement by Asia-Pacific Economic Cooperation members to reduce rates of duty on certain environmental goods.

TITLE VI—BUDGETARY EFFECTS

- Sec. 601. Budgetary effects.

1                   **TITLE I—EXTENDERS**  
2    **Subtitle A—Permanent Extensions**  
3                   **PART 1—TAX RELIEF FOR FAMILIES AND**  
4                   **INDIVIDUALS**

5    **SEC. 101. ENHANCED CHILD TAX CREDIT MADE PERMA-**  
6                   **NENT.**

7           (a) **IN GENERAL.**—Section 24(d)(1)(B)(i) is amend-  
8    ed by striking “\$10,000” and inserting “\$3,000”.

9           (b) **CONFORMING AMENDMENT.**—Section 24(d) is  
10   amended by striking paragraphs (3) and (4).

11          (c) **EFFECTIVE DATE.**—The amendments made by  
12   this section shall apply to taxable years beginning after  
13   the date of the enactment of this Act.

14   **SEC. 102. ENHANCED AMERICAN OPPORTUNITY TAX CRED-**  
15                   **IT MADE PERMANENT.**

16          (a) **IN GENERAL.**—Section 25A(i) is amended by  
17   striking “and before 2018”.

18          (b)   **TREATMENT OF POSSESSIONS.**—Section  
19   1004(c)(1) of division B of the American Recovery and  
20   Reinvestment Tax Act of 2009 by striking “and before  
21   2018” each place it appears.

22          (c) **EFFECTIVE DATE.**—The amendments made by  
23   this section shall apply to taxable years beginning after  
24   the date of the enactment of this Act.

1 **SEC. 103. ENHANCED EARNED INCOME TAX CREDIT MADE**  
 2 **PERMANENT.**

3 (a) INCREASE IN CREDIT PERCENTAGE FOR 3 OR  
 4 MORE QUALIFYING CHILDREN MADE PERMANENT.—Sec-  
 5 tion 32(b)(1) is amended to read as follows:

6 “(1) PERCENTAGES.—The credit percentage  
 7 and the phaseout percentage shall be determined as  
 8 follows:

“In the case of an eligible individual with:	The credit percentage is:	The phaseout percentage is:
1 qualifying child .....	34	15.98
2 qualifying children .....	40	21.06
3 or more qualifying children .....	45	21.06
No qualifying children .....	7.65	7.65”.

9 (b) REDUCTION OF MARRIAGE PENALTY MADE PER-  
 10 MANENT.—

11 (1) IN GENERAL.—Section 32(b)(2)(B) is  
 12 amended to read as follows:

13 “(B) JOINT RETURNS.—

14 “(i) IN GENERAL.—In the case of a  
 15 joint return filed by an eligible individual  
 16 and such individual’s spouse, the phaseout  
 17 amount determined under subparagraph  
 18 (A) shall be increased by \$5,000.

19 “(ii) INFLATION ADJUSTMENT.—In  
 20 the case of any taxable year beginning  
 21 after 2015, the \$5,000 amount in clause



1 (i) shall be increased by an amount equal  
2 to—

3 “(I) such dollar amount, multi-  
4 plied by

5 “(II) the cost of living adjust-  
6 ment determined under section 1(f)(3)  
7 for the calendar year in which the tax-  
8 able year begins determined by sub-  
9 stituting ‘calendar year 2008’ for ‘cal-  
10 endar year 1992’ in subparagraph (B)  
11 thereof.

12 “(iii) ROUNDING.—Subparagraph (A)  
13 of subsection (j)(2) shall apply after taking  
14 into account any increase under clause  
15 (ii).”.

16 (c) CONFORMING AMENDMENT.—Section 32(b) is  
17 amended by striking paragraph (3).

18 (d) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 2015.

21 **SEC. 104. EXTENSION AND MODIFICATION OF DEDUCTION**  
22 **FOR CERTAIN EXPENSES OF ELEMENTARY**  
23 **AND SECONDARY SCHOOL TEACHERS.**

24 (a) DEDUCTION MADE PERMANENT.—Section  
25 62(a)(2)(D) is amended by striking “In the case of taxable

1 years beginning during 2002, 2003, 2004, 2005, 2006,  
2 2007, 2008, 2009, 2010, 2011, 2012, 2013, or 2014, the  
3 deductions” and inserting “The deductions”.

4 (b) INFLATION ADJUSTMENT.—Section 62(d) is  
5 amended by adding at the end the following new para-  
6 graph:

7 “(3) INFLATION ADJUSTMENT.—In the case of  
8 any taxable year beginning after 2015, the \$250  
9 amount in subsection (a)(2)(D) shall be increased by  
10 an amount equal to—

11 “(A) such dollar amount, multiplied by

12 “(B) the cost-of-living adjustment deter-  
13 mined under section 1(f)(3) for the calendar  
14 year in which the taxable year begins, deter-  
15 mined by substituting ‘calendar year 2014’ for  
16 ‘calendar year 1992’ in subparagraph (B)  
17 thereof.

18 Any increase determined under the preceding sen-  
19 tence shall be rounded to the nearest multiple of  
20 \$50.”.

21 (c) PROFESSIONAL DEVELOPMENT EXPENSES.—Sec-  
22 tion 62(a)(2)(D) is amended—

23 (1) by striking “educator in connection” and all  
24 that follows and inserting “educator—”, and

25 (2) by inserting at the end the following:

1                   “(i) by reason of the participation of  
2                   the educator in professional development  
3                   courses related to the curriculum in which  
4                   the educator provides instruction or to the  
5                   students for which the educator provides  
6                   instruction, and

7                   “(ii) in connection with books, sup-  
8                   plies (other than nonathletic supplies for  
9                   courses of instruction in health or physical  
10                  education), computer equipment (including  
11                  related software and services) and other  
12                  equipment, and supplementary materials  
13                  used by the eligible educator in the class-  
14                  room.”.

15                  (d) EFFECTIVE DATES.—

16                   (1) EXTENSION.—The amendment made by  
17                   subsection (a) shall apply to taxable years beginning  
18                   after December 31, 2014.

19                   (2) MODIFICATIONS.—The amendments made  
20                   by subsections (b) and (c) shall apply to taxable  
21                   years beginning after December 31, 2015.

1 **SEC. 105. EXTENSION OF PARITY FOR EXCLUSION FROM IN-**  
2 **COME FOR EMPLOYER-PROVIDED MASS**  
3 **TRANSIT AND PARKING BENEFITS.**

4 (a) MASS TRANSIT AND PARKING PARITY.—Section  
5 132(f)(2) is amended—

6 (1) by striking “\$100” in subparagraph (A)  
7 and inserting “\$175”, and

8 (2) by striking the last sentence.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to months after December 31,  
11 2014.

12 **SEC. 106. EXTENSION OF DEDUCTION OF STATE AND LOCAL**  
13 **GENERAL SALES TAXES.**

14 (a) IN GENERAL.—Section 164(b)(5) is amended by  
15 striking subparagraph (I).

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2014.

19 **PART 2—INCENTIVES FOR CHARITABLE GIVING**

20 **SEC. 111. EXTENSION AND MODIFICATION OF SPECIAL**  
21 **RULE FOR CONTRIBUTIONS OF CAPITAL**  
22 **GAIN REAL PROPERTY MADE FOR CONSERVA-**  
23 **TION PURPOSES.**

24 (a) MADE PERMANENT.—

25 (1) INDIVIDUALS.—Section 170(b)(1)(E) is  
26 amended by striking clause (vi).

1           (2) CORPORATIONS.—Section 170(b)(2)(B) is  
2           amended by striking clause (iii).

3           (b) CONTRIBUTIONS OF CAPITAL GAIN REAL PROP-  
4           ERTY MADE FOR CONSERVATION PURPOSES BY NATIVE  
5           CORPORATIONS.—

6           (1) IN GENERAL.—Section 170(b)(2) is amend-  
7           ed by redesignating subparagraph (C) as subpara-  
8           graph (D), and by inserting after subparagraph (B)  
9           the following new subparagraph:

10                   “(C) QUALIFIED CONSERVATION CON-  
11                   TRIBUTIONS BY CERTAIN NATIVE CORPORA-  
12                   TIONS.—

13                           “(i) IN GENERAL.—Any qualified con-  
14                           servation contribution (as defined in sub-  
15                           section (h)(1)) which—

16                                   “(I) is made by a Native Cor-  
17                                   poration, and

18   “(II) is a contribution of prop-  
19   erty which was land conveyed under  
20   the Alaska Native Claims Settlement  
21   Act,

22   shall be allowed to the extent that the ag-  
23   gregate amount of such contributions does  
24   not exceed the excess of the taxpayer’s tax-  
25   able income over the amount of charitable

1 contributions allowable under subpara-  
2 graph (A).

3 “(ii) CARRYOVER.—If the aggregate  
4 amount of contributions described in clause  
5 (i) exceeds the limitation of clause (i), such  
6 excess shall be treated (in a manner con-  
7 sistent with the rules of subsection (d)(2))  
8 as a charitable contribution to which clause  
9 (i) applies in each of the 15 succeeding  
10 taxable years in order of time.

11 “(iii) NATIVE CORPORATION.—For  
12 purposes of this subparagraph, the term  
13 ‘Native Corporation’ has the meaning  
14 given such term by section 3(m) of the  
15 Alaska Native Claims Settlement Act.”.

16 (2) CONFORMING AMENDMENTS.—

17 (A) Section 170(b)(2)(A) is amended by  
18 striking “subparagraph (B) applies” and insert-  
19 ing “subparagraph (B) or (C) applies”.

20 (B) Section 170(b)(2)(B)(ii) is amended by  
21 striking “15 succeeding years” and inserting  
22 “15 succeeding taxable years”.

23 (3) VALID EXISTING RIGHTS PRESERVED.—

24 Nothing in this subsection (or any amendment made  
25 by this subsection) shall be construed to modify the

1 existing property rights validly conveyed to Native  
2 Corporations (within the meaning of section 3(m) of  
3 the Alaska Native Claims Settlement Act) under  
4 such Act.

5 (c) EFFECTIVE DATES.—

6 (1) EXTENSION.—The amendments made by  
7 subsection (a) shall apply to contributions made in  
8 taxable years beginning after December 31, 2014.

9 (2) MODIFICATION.—The amendments made by  
10 subsection (b) shall apply to contributions made in  
11 taxable years beginning after December 31, 2015.

12 **SEC. 112. EXTENSION OF TAX-FREE DISTRIBUTIONS FROM**  
13 **INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE**  
14 **PURPOSES.**

15 (a) IN GENERAL.—Section 408(d)(8) is amended by  
16 striking subparagraph (F).

17 (b) EFFECTIVE DATE.—The amendment made by  
18 this section shall apply to distributions made in taxable  
19 years beginning after December 31, 2014.

20 **SEC. 113. EXTENSION AND MODIFICATION OF CHARITABLE**  
21 **DEDUCTION FOR CONTRIBUTIONS OF FOOD**  
22 **INVENTORY.**

23 (a) PERMANENT EXTENSION.—Section 170(e)(3)(C)  
24 is amended by striking clause (iv).

1 (b) MODIFICATIONS.—Section 170(e)(3)(C), as  
2 amended by subsection (a), is amended by striking clause  
3 (ii), by redesignating clause (iii) as clause (vi), and by in-  
4 serting after clause (i) the following new clauses:

5 “(ii) LIMITATION.—The aggregate  
6 amount of such contributions for any tax-  
7 able year which may be taken into account  
8 under this section shall not exceed—

9 “(I) in the case of any taxpayer  
10 other than a C corporation, 15 per-  
11 cent of the taxpayer’s aggregate net  
12 income for such taxable year from all  
13 trades or businesses from which such  
14 contributions were made for such  
15 year, computed without regard to this  
16 section, and

17 “(II) in the case of a C corpora-  
18 tion, 15 percent of taxable income (as  
19 defined in subsection (b)(2)(D)).

20 “(iii) RULES RELATED TO LIMITA-  
21 TION.—

22 “(I) CARRYOVER.—If such aggre-  
23 gate amount exceeds the limitation  
24 imposed under clause (ii), such excess  
25 shall be treated (in a manner con-



1                   sistent with the rules of subsection  
2                   (d)) as a charitable contribution de-  
3                   scribed in clause (i) in each of the 5  
4                   succeeding taxable years in order of  
5                   time.

6                   “(II) COORDINATION WITH OVER-  
7                   ALL CORPORATE LIMITATION.—In the  
8                   case of any charitable contribution  
9                   which is allowable after the applica-  
10                  tion of clause (ii)(II), subsection  
11                  (b)(2)(A) shall not apply to such con-  
12                  tribution, but the limitation imposed  
13                  by such subsection shall be reduced  
14                  (but not below zero) by the aggregate  
15                  amount of such contributions. For  
16                  purposes of subsection (b)(2)(B), such  
17                  contributions shall be treated as al-  
18                  lowable under subsection (b)(2)(A).

19                  “(iv) DETERMINATION OF BASIS FOR  
20                  CERTAIN TAXPAYERS.—If a taxpayer—

21                         “(I) does not account for inven-  
22                         tories under section 471, and

23                         “(II) is not required to capitalize  
24                         indirect costs under section 263A,

1 the taxpayer may elect, solely for purposes  
2 of subparagraph (B), to treat the basis of  
3 any apparently wholesome food as being  
4 equal to 25 percent of the fair market  
5 value of such food.

6 “(v) DETERMINATION OF FAIR MAR-  
7 KET VALUE.—In the case of any such con-  
8 tribution of apparently wholesome food  
9 which cannot or will not be sold solely by  
10 reason of internal standards of the tax-  
11 payer, lack of market, or similar cir-  
12 cumstances, or by reason of being pro-  
13 duced by the taxpayer exclusively for the  
14 purposes of transferring the food to an or-  
15 ganization described in subparagraph (A),  
16 the fair market value of such contribution  
17 shall be determined—

18 “(I) without regard to such inter-  
19 nal standards, such lack of market,  
20 such circumstances, or such exclusive  
21 purpose, and

22 “(II) by taking into account the  
23 price at which the same or substan-  
24 tially the same food items (as to both  
25 type and quality) are sold by the tax-

1 payer at the time of the contribution  
2 (or, if not so sold at such time, in the  
3 recent past).”

4 (c) EFFECTIVE DATES.—

5 (1) EXTENSION.—The amendment made by  
6 subsection (a) shall apply to contributions made  
7 after December 31, 2014.

8 (2) MODIFICATIONS.—The amendments made  
9 by subsection (b) shall apply to taxable years begin-  
10 ning after December 31, 2015.

11 **SEC. 114. EXTENSION OF MODIFICATION OF TAX TREAT-**  
12 **MENT OF CERTAIN PAYMENTS TO CONTROL-**  
13 **LING EXEMPT ORGANIZATIONS.**

14 (a) IN GENERAL.—Section 512(b)(13)(E) is amend-  
15 ed by striking clause (iv).

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to payments received or accrued  
18 after December 31, 2014.

19 **SEC. 115. EXTENSION OF BASIS ADJUSTMENT TO STOCK OF**  
20 **S CORPORATIONS MAKING CHARITABLE CON-**  
21 **TRIBUTIONS OF PROPERTY.**

22 (a) IN GENERAL.—Section 1367(a)(2) is amended by  
23 striking the last sentence.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to contributions made in taxable  
3 years beginning after December 31, 2014.

4 **PART 3—INCENTIVES FOR GROWTH, JOBS,**  
5 **INVESTMENT, AND INNOVATION**

6 **SEC. 121. EXTENSION AND MODIFICATION OF RESEARCH**  
7 **CREDIT.**

8 (a) MADE PERMANENT.—

9 (1) IN GENERAL.—Section 41 is amended by  
10 striking subsection (h).

11 (2) CONFORMING AMENDMENT.—Section  
12 45C(b)(1) is amended by striking subparagraph (D).

13 (b) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
14 IMUM TAX IN CASE OF ELIGIBLE SMALL BUSINESS.—  
15 Section 38(c)(4)(B) is amended by redesignating clauses  
16 (ii) through (ix) as clauses (iii) through (x), respectively,  
17 and by inserting after clause (i) the following new clause:

18 “(ii) the credit determined under sec-  
19 tion 41 for the taxable year with respect to  
20 an eligible small business (as defined in  
21 paragraph (5)(C), after application of rules  
22 similar to the rules of paragraph (5)(D)),”.

23 (c) TREATMENT OF RESEARCH CREDIT FOR CER-  
24 TAIN STARTUP COMPANIES.—

1           (1) IN GENERAL.—Section 41, as amended by  
2           subsection (a), is amended by adding at the end the  
3           following new subsection:

4           “(h) TREATMENT OF CREDIT FOR QUALIFIED SMALL  
5           BUSINESSES.—

6           “(1) IN GENERAL.—At the election of a quali-  
7           fied small business for any taxable year, section  
8           3111(f) shall apply to the payroll tax credit portion  
9           of the credit otherwise determined under subsection  
10          (a) for the taxable year and such portion shall not  
11          be treated (other than for purposes of section 280C)  
12          as a credit determined under subsection (a).

13          “(2) PAYROLL TAX CREDIT PORTION.—For  
14          purposes of this subsection, the payroll tax credit  
15          portion of the credit determined under subsection  
16          (a) with respect to any qualified small business for  
17          any taxable year is the least of—

18                 “(A) the amount specified in the election  
19                 made under this subsection,

20                 “(B) the credit determined under sub-  
21                 section (a) for the taxable year (determined be-  
22                 fore the application of this subsection), or

23                 “(C) in the case of a qualified small busi-  
24                 ness other than a partnership or S corporation,  
25                 the amount of the business credit carryforward

1 under section 39 carried from the taxable year  
2 (determined before the application of this sub-  
3 section to the taxable year).

4 “(3) QUALIFIED SMALL BUSINESS.—For pur-  
5 poses of this subsection—

6 “(A) IN GENERAL.—The term ‘qualified  
7 small business’ means, with respect to any tax-  
8 able year—

9 “(i) a corporation or partnership, if—

10 “(I) the gross receipts (as deter-  
11 mined under the rules of section  
12 448(c)(3), without regard to subpara-  
13 graph (A) thereof) of such entity for  
14 the taxable year is less than  
15 \$5,000,000, and

16 “(II) such entity did not have  
17 gross receipts (as so determined) for  
18 any taxable year preceding the 5-tax-  
19 able-year period ending with such tax-  
20 able year, and

21 “(ii) any person (other than a cor-  
22 poration or partnership) who meets the re-  
23 quirements of subclauses (I) and (II) of  
24 clause (i), determined—

1                   “(I) by substituting ‘person’ for  
2                   ‘entity’ each place it appears, and

3                   “(II) by only taking into account  
4                   the aggregate gross receipts received  
5                   by such person in carrying on all  
6                   trades or businesses of such person.

7                   “(B) LIMITATION.—Such term shall not  
8                   include an organization which is exempt from  
9                   taxation under section 501.

10                  “(4) ELECTION.—

11                   “(A) IN GENERAL.—Any election under  
12                   this subsection for any taxable year—

13                   “(i) shall specify the amount of the  
14                   credit to which such election applies,

15                   “(ii) shall be made on or before the  
16                   due date (including extensions) of—

17                   “(I) in the case of a qualified  
18                   small business which is a partnership,  
19                   the return required to be filed under  
20                   section 6031,

21                   “(II) in the case of a qualified  
22                   small business which is an S corpora-  
23                   tion, the return required to be filed  
24                   under section 6037, and

1                   “(III) in the case of any other  
2                   qualified small business, the return of  
3                   tax for the taxable year, and

4                   “(iii) may be revoked only with the  
5                   consent of the Secretary.

6                   “(B) LIMITATIONS.—

7                   “(i) AMOUNT.—The amount specified  
8                   in any election made under this subsection  
9                   shall not exceed \$250,000.

10                  “(ii) NUMBER OF TAXABLE YEARS.—

11                  A person may not make an election under  
12                  this subsection if such person (or any other  
13                  person treated as a single taxpayer with  
14                  such person under paragraph (5)(A)) has  
15                  made an election under this subsection for  
16                  5 or more preceding taxable years.

17                  “(C) SPECIAL RULE FOR PARTNERSHIPS

18                  AND S CORPORATIONS.—In the case of a quali-  
19                  fied small business which is a partnership or S  
20                  corporation, the election made under this sub-  
21                  section shall be made at the entity level.

22                  “(5) AGGREGATION RULES.—

23                  “(A) IN GENERAL.—Except as provided in  
24                  subparagraph (B), all persons or entities treat-  
25                  ed as a single taxpayer under subsection (f)(1)



1 shall be treated as a single taxpayer for pur-  
2 poses of this subsection.

3 “(B) SPECIAL RULES.—For purposes of  
4 this subsection and section 3111(f)—

5 “(i) each of the persons treated as a  
6 single taxpayer under subparagraph (A)  
7 may separately make the election under  
8 paragraph (1) for any taxable year, and

9 “(ii) the \$250,000 amount under  
10 paragraph (4)(B)(i) shall be allocated  
11 among all persons treated as a single tax-  
12 payer under subparagraph (A) in the same  
13 manner as under subparagraph (A)(ii) or  
14 (B)(ii) of subsection (f)(1), whichever is  
15 applicable.

16 “(6) REGULATIONS.—The Secretary shall pre-  
17 scribe such regulations as may be necessary to carry  
18 out the purposes of this subsection, including—

19 “(A) regulations to prevent the avoidance  
20 of the purposes of the limitations and aggrega-  
21 tion rules under this subsection through the use  
22 of successor companies or other means,

23 “(B) regulations to minimize compliance  
24 and record-keeping burdens under this sub-  
25 section, and

1           “(C) regulations for recapturing the ben-  
2           efit of credits determined under section 3111(f)  
3           in cases where there is a subsequent adjustment  
4           to the payroll tax credit portion of the credit  
5           determined under subsection (a), including re-  
6           quiring amended income tax returns in the  
7           cases where there is such an adjustment.”.

8           (2) CREDIT ALLOWED AGAINST FICA TAXES.—  
9           Section 3111 is amended by adding at the end the  
10          following new subsection:

11          “(f) CREDIT FOR RESEARCH EXPENDITURES OF  
12          QUALIFIED SMALL BUSINESSES.—

13                 “(1) IN GENERAL.—In the case of a taxpayer  
14                 who has made an election under section 41(h) for a  
15                 taxable year, there shall be allowed as a credit  
16                 against the tax imposed by subsection (a) for the  
17                 first calendar quarter which begins after the date on  
18                 which the taxpayer files the return specified in sec-  
19                 tion 41(h)(4)(A)(ii) an amount equal to the payroll  
20                 tax credit portion determined under section  
21                 41(h)(2).

22                 “(2) LIMITATION.—The credit allowed by para-  
23                 graph (1) shall not exceed the tax imposed by sub-  
24                 section (a) for any calendar quarter on the wages

1       paid with respect to the employment of all individ-  
2       uals in the employ of the employer.

3           “(3) CARRYOVER OF UNUSED CREDIT.—If the  
4       amount of the credit under paragraph (1) exceeds  
5       the limitation of paragraph (2) for any calendar  
6       quarter, such excess shall be carried to the suc-  
7       ceeding calendar quarter and allowed as a credit  
8       under paragraph (1) for such quarter.

9           “(4) DEDUCTION ALLOWED FOR CREDITED  
10       AMOUNTS.—The credit allowed under paragraph (1)  
11       shall not be taken into account for purposes of de-  
12       termining the amount of any deduction allowed  
13       under chapter 1 for taxes imposed under subsection  
14       (a).”.

15       (d) EFFECTIVE DATES.—

16           (1) EXTENSION.—The amendments made by  
17       subsection (a) shall apply to shall apply to amounts  
18       paid or incurred after December 31, 2014.

19           (2) CREDIT ALLOWED AGAINST ALTERNATIVE  
20       MINIMUM TAX IN CASE OF ELIGIBLE SMALL BUSI-  
21       NESS.—The amendments made by subsection (b)  
22       shall apply to credits determined for taxable years  
23       beginning after December 31, 2015.

24           (3) TREATMENT OF RESEARCH CREDIT FOR  
25       CERTAIN STARTUP COMPANIES.—The amendments

1 made by subsection (c) shall apply to taxable years  
2 beginning after December 31, 2015.

3 **SEC. 122. EXTENSION AND MODIFICATION OF EMPLOYER**  
4 **WAGE CREDIT FOR EMPLOYEES WHO ARE AC-**  
5 **TIVE DUTY MEMBERS OF THE UNIFORMED**  
6 **SERVICES.**

7 (a) IN GENERAL.—Section 45P is amended by strik-  
8 ing subsection (f).

9 (b) APPLICABILITY TO ALL EMPLOYERS.—

10 (1) IN GENERAL.—Section 45P(a) is amended  
11 by striking “, in the case of an eligible small busi-  
12 ness employer”.

13 (2) CONFORMING AMENDMENT.—Section  
14 45P(b)(3) is amended to read as follows:

15 “(3) CONTROLLED GROUPS.—All persons treat-  
16 ed as a single employer under subsection (b), (c),  
17 (m), or (o) of section 414 shall be treated as a single  
18 employer.”.

19 (c) EFFECTIVE DATE.—

20 (1) EXTENSION.—The amendment made by  
21 subsection (a) shall apply to payments made after  
22 December 31, 2014.

23 (2) MODIFICATION.—The amendments made by  
24 subsection (b) shall apply to taxable years beginning  
25 after December 31, 2015.

1 **SEC. 123. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RE-**  
2 **COVERY FOR QUALIFIED LEASEHOLD IM-**  
3 **PROVEMENTS, QUALIFIED RESTAURANT**  
4 **BUILDINGS AND IMPROVEMENTS, AND**  
5 **QUALIFIED RETAIL IMPROVEMENTS.**

6 (a) QUALIFIED LEASEHOLD IMPROVEMENT PROP-  
7 erty AND QUALIFIED RESTAURANT PROPERTY.—Clauses  
8 (iv) and (v) of section 168(e)(3)(E) are each amended by  
9 striking “placed in service before January 1, 2015”.

10 (b) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—  
11 Section 168(e)(3)(E)(ix) is amended by striking “placed  
12 in service after December 31, 2008, and before January  
13 1, 2015”.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to property placed in service after  
16 December 31, 2014.

17 **SEC. 124. EXTENSION AND MODIFICATION OF INCREASED**  
18 **EXPENSING LIMITATIONS AND TREATMENT**  
19 **OF CERTAIN REAL PROPERTY AS SECTION**  
20 **179 PROPERTY.**

21 (a) MADE PERMANENT.—

22 (1) DOLLAR LIMITATION.—Section 179(b)(1) is  
23 amended by striking “shall not exceed—” and all  
24 that follows and inserting “shall not exceed  
25 \$500,000.”.

1           (2) REDUCTION IN LIMITATION.—Section  
2           179(b)(2) is amended by striking “exceeds—” and  
3           all that follows and inserting “exceeds \$2,000,000.”.

4           (b) COMPUTER SOFTWARE.—Section  
5           179(d)(1)(A)(ii) is amended by striking “, to which section  
6           167 applies, and which is placed in service in a taxable  
7           year beginning after 2002 and before 2015” and inserting  
8           “and to which section 167 applies”.

9           (c) SPECIAL RULES FOR TREATMENT OF QUALIFIED  
10          REAL PROPERTY.—

11          (1) EXTENSION FOR 2015.—Section 179(f) is  
12          amended—

13                 (A) by striking “2015” in paragraph (1)  
14                 and inserting “2016”,

15                 (B) by striking “2014” each place it ap-  
16                 pears in paragraph (4) and inserting “2015”,  
17                 and

18                 (C) by striking “AND 2013” in the heading  
19                 of paragraph (4)(C) and inserting “2013, AND  
20                 2014”.

21          (2) MADE PERMANENT.—Section 179(f), as  
22          amended by paragraph (1), is amended—

23                 (A) by striking “beginning after 2009 and  
24                 before 2016” in paragraph (1), and

25                 (B) by striking paragraphs (3) and (4).

1 (d) ELECTION.—Section 179(c)(2) is amended—

2 (1) by striking “may not be revoked” and all  
3 that follows through “and before 2015”, and

4 (2) by striking “IRREVOCABLE” in the heading  
5 thereof.

6 (e) AIR CONDITIONING AND HEATING UNITS.—Sec-  
7 tion 179(d)(1) is amended by striking “and shall not in-  
8 clude air conditioning or heating units”.

9 (f) INFLATION ADJUSTMENT.—Section 179(b) is  
10 amended by adding at the end the following new para-  
11 graph:

12 “(6) INFLATION ADJUSTMENT.—

13 “(A) IN GENERAL.—In the case of any  
14 taxable year beginning after 2015, the dollar  
15 amounts in paragraphs (1) and (2) shall each  
16 be increased by an amount equal to—

17 “(i) such dollar amount, multiplied by

18 “(ii) the cost-of-living adjustment de-  
19 termined under section 1(f)(3) for the cal-  
20 endar year in which the taxable year be-  
21 gins, determined by substituting ‘calendar  
22 year 2014’ for ‘calendar year 1992’ in sub-  
23 paragraph (B) thereof.

1           “(B) ROUNDING.—The amount of any in-  
2           crease under subparagraph (A) shall be round-  
3           ed to the nearest multiple of \$10,000.”.

4           (g) EFFECTIVE DATES.—

5           (1) EXTENSION.—Except as provided in para-  
6           graph (2), the amendments made by this section  
7           shall apply to taxable years beginning after Decem-  
8           ber 31, 2014.

9           (2) MODIFICATIONS.—The amendments made  
10          by subsections (c)(2) and (e) shall apply to taxable  
11          years beginning after December 31, 2015.

12 **SEC. 125. EXTENSION OF TREATMENT OF CERTAIN DIVI-**  
13 **DENDS OF REGULATED INVESTMENT COMPA-**  
14 **NIES.**

15          (a) IN GENERAL.—Section 871(k) is amended by  
16          striking clause (v) of paragraph (1)(C) and clause (v) of  
17          paragraph (2)(C).

18          (b) EFFECTIVE DATE.—The amendments made by  
19          this section shall apply to taxable years beginning after  
20          December 31, 2014.

21 **SEC. 126. EXTENSION OF EXCLUSION OF 100 PERCENT OF**  
22 **GAIN ON CERTAIN SMALL BUSINESS STOCK.**

23          (a) IN GENERAL.—Section 1202(a)(4) is amended—  
24                  (1) by striking “and before January 1, 2015”,  
25          and



1           (2) by striking “, 2011, 2012, 2013, AND 2014” in  
2           the heading thereof and inserting “AND THERE-  
3           AFTER”.

4           (b) EFFECTIVE DATE.—The amendments made by  
5           this section shall apply to stock acquired after December  
6           31, 2014.

7           **SEC. 127. EXTENSION OF REDUCTION IN S-CORPORATION**  
8                           **RECOGNITION PERIOD FOR BUILT-IN GAINS**  
9                           **TAX.**

10          (a) IN GENERAL.—Section 1374(d)(7) is amended to  
11          read as follows:

12                   “(7) RECOGNITION PERIOD.—

13                           “(A) IN GENERAL.—The term ‘recognition  
14                           period’ means the 5-year period beginning with  
15                           the 1st day of the 1st taxable year for which  
16                           the corporation was an S corporation. For pur-  
17                           poses of applying this section to any amount in-  
18                           cludible in income by reason of distributions to  
19                           shareholders pursuant to section 593(e), the  
20                           preceding sentence shall be applied without re-  
21                           gard to the phrase ‘5-year’.

22                           “(B) INSTALLMENT SALES.—If an S cor-  
23                           poration sells an asset and reports the income  
24                           from the sale using the installment method  
25                           under section 453, the treatment of all pay-

1           ments received shall be governed by the provi-  
2           sions of this paragraph applicable to the taxable  
3           year in which such sale was made.”.

4           (b) **EFFECTIVE DATE.**—The amendments made by  
5 this section shall apply to taxable years beginning after  
6 December 31, 2014.

7 **SEC. 128. EXTENSION OF SUBPART F EXCEPTION FOR AC-**  
8 **TIVE FINANCING INCOME.**

9           (a) **INSURANCE BUSINESSES.**—Section 953(e) is  
10 amended by striking paragraph (10) and by redesignating  
11 paragraph (11) as paragraph (10).

12           (b) **BANKING, FINANCING, OR SIMILAR BUSI-**  
13 **NESSES.**—Section 954(h) is amended by striking para-  
14 graph (9).

15           (c) **EFFECTIVE DATE.**—The amendments made by  
16 this section shall apply to taxable years of foreign corpora-  
17 tions beginning after December 31, 2014, and to taxable  
18 years of United States shareholders with or within which  
19 any such taxable year of such foreign corporation ends.

1           **PART 4—INCENTIVES FOR REAL ESTATE**

2                           **INVESTMENT**

3   **SEC. 131. EXTENSION OF MINIMUM LOW-INCOME HOUSING**

4                           **TAX CREDIT RATE FOR NON-FEDERALLY SUB-**

5                           **SIDIZED BUILDINGS.**

6           (a) **IN GENERAL.**—Section 42(b)(2) is amended by  
7 striking “with respect to housing credit dollar amount al-  
8 locations made before January 1, 2015”.

9           (b) **CLERICAL AMENDMENT.**—The heading for sec-  
10 tion 42(b)(2) is amended by striking “TEMPORARY MIN-  
11 IMUM” and inserting “MINIMUM”.

12           (c) **EFFECTIVE DATES.**—The amendments made by  
13 this section shall take effect on January 1, 2015.

14   **SEC. 132. EXTENSION OF MILITARY HOUSING ALLOWANCE**

15                           **EXCLUSION FOR DETERMINING WHETHER A**

16                           **TENANT IN CERTAIN COUNTIES IS LOW-IN-**

17                           **COME.**

18           (a) **IN GENERAL.**—Section 3005(b) of the Housing  
19 Assistance Tax Act of 2008 is amended by striking “and  
20 before January 1, 2015” each place it appears.

21           (b) **EFFECTIVE DATE.**—The amendments made by  
22 this section shall take effect as if included in the enact-  
23 ment of section 3005 of the Housing Assistance Tax Act  
24 of 2008.

1 **SEC. 133. EXTENSION OF RIC QUALIFIED INVESTMENT EN-**  
2 **TITY TREATMENT UNDER FIRPTA.**

3 (a) IN GENERAL.—Section 897(h)(4)(A) is amend-  
4 ed—

5 (1) by striking clause (ii), and

6 (2) by striking all that precedes “regulated in-  
7 vestment company which” and inserting the fol-  
8 lowing:

9 “(A) QUALIFIED INVESTMENT ENTITY.—

10 The term ‘qualified investment entity’ means—

11 “(i) any real estate investment trust,

12 and

13 “(ii) any”.

14 (b) EFFECTIVE DATE.—

15 (1) IN GENERAL.—The amendments made by

16 this section shall take effect on January 1, 2015.

17 Notwithstanding the preceding sentence, such

18 amendments shall not apply with respect to the

19 withholding requirement under section 1445 of the

20 Internal Revenue Code of 1986 for any payment

21 made before the date of the enactment of this Act.

22 (2) AMOUNTS WITHHELD ON OR BEFORE DATE

23 OF ENACTMENT.—In the case of a regulated invest-

24 ment company—

1 (A) which makes a distribution after De-  
2 cember 31, 2014, and before the date of the en-  
3 actment of this Act, and

4 (B) which would (but for the second sen-  
5 tence of paragraph (1)) have been required to  
6 withhold with respect to such distribution under  
7 section 1445 of such Code,  
8 such investment company shall not be liable to any  
9 person to whom such distribution was made for any  
10 amount so withheld and paid over to the Secretary  
11 of the Treasury.

## 12 **Subtitle B—Extensions Through** 13 **2019**

### 14 **SEC. 141. EXTENSION OF NEW MARKETS TAX CREDIT.**

15 (a) IN GENERAL.—Section 45D(f)(1)(G) is amended  
16 by striking “for 2010, 2011, 2012, 2013, and 2014” and  
17 inserting “for each of calendar years 2010 through 2019”.

18 (b) CARRYOVER OF UNUSED LIMITATION.—Section  
19 45D(f)(3) is amended by striking “2019” and inserting  
20 “2024”.

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to calendar years beginning after  
23 December 31, 2014.

1 **SEC. 142. EXTENSION AND MODIFICATION OF WORK OP-**  
2 **PORTUNITY TAX CREDIT.**

3 (a) IN GENERAL.—Section 51(c)(4) is amended by  
4 striking “December 31, 2014” and inserting “December  
5 31, 2019”.

6 (b) CREDIT FOR HIRING LONG-TERM UNEMPLOY-  
7 MENT RECIPIENTS.—

8 (1) IN GENERAL.—Section 51(d)(1) is amended  
9 by striking “or” at the end of subparagraph (H), by  
10 striking the period at the end of subparagraph (I)  
11 and inserting “, or”, and by adding at the end the  
12 following new subparagraph:

13 “(J) a qualified long-term unemployment  
14 recipient.”.

15 (2) QUALIFIED LONG-TERM UNEMPLOYMENT  
16 RECIPIENT.—Section 51(d) is amended by adding at  
17 the end the following new paragraph:

18 “(15) QUALIFIED LONG-TERM UNEMPLOYMENT  
19 RECIPIENT.—The term ‘qualified long-term unem-  
20 ployment recipient’ means any individual who is cer-  
21 tified by the designated local agency as being in a  
22 period of unemployment which—

23 “(A) is not less than 27 consecutive weeks,  
24 and

1           “(B) includes a period in which the indi-  
2           vidual was receiving unemployment compensa-  
3           tion under State or Federal law.”.

4           (c) EFFECTIVE DATES.—

5           (1) EXTENSION.—The amendment made by  
6           subsection (a) shall apply to individuals who begin  
7           work for the employer after December 31, 2014.

8           (2) MODIFICATION.—The amendments made by  
9           subsection (b) shall apply to individuals who begin  
10          work for the employer after December 31, 2015.

11 **SEC. 143. EXTENSION AND MODIFICATION OF BONUS DE-**  
12 **PRECIATION.**

13          (a) EXTENDED FOR 2015.—

14           (1) IN GENERAL.—Section 168(k)(2) is amend-  
15          ed—

16           (A) by striking “January 1, 2016” in sub-  
17          paragraph (A)(iv) and inserting “January 1,  
18          2017”, and

19           (B) by striking “January 1, 2015” each  
20          place it appears and inserting “January 1,  
21          2016”.

22          (2) SPECIAL RULE FOR FEDERAL LONG-TERM  
23          CONTRACTS.—Section 460(c)(6)(B)(ii) is amended  
24          by striking “January 1, 2015 (January 1, 2016”  
25          and inserting “January 1, 2016 (January 1, 2017”.

1           (3) EXTENSION OF ELECTION TO ACCELERATE  
2           AMT CREDIT IN LIEU OF BONUS DEPRECIATION.—

3                   (A)           IN           GENERAL.—Section  
4           168(k)(4)(D)(iii)(II) is amended by striking  
5           “January 1, 2015” and inserting “January 1,  
6           2016”.

7                   (B) ROUND 5 EXTENSION PROPERTY.—  
8           Section 168(k)(4) is amended by adding at the  
9           end the following new subparagraph:

10                   “(L) SPECIAL RULES FOR ROUND 5 EX-  
11           TENSION PROPERTY.—

12                           “(i) IN GENERAL.—In the case of  
13           round 5 extension property, in applying  
14           this paragraph to any taxpayer—

15                                   “(I) the limitation described in  
16           subparagraph (B)(i) and the business  
17           credit increase amount under sub-  
18           paragraph (E)(iii) thereof shall not  
19           apply, and

20                                   “(II) the bonus depreciation  
21           amount, maximum amount, and max-  
22           imum increase amount shall be com-  
23           puted separately from amounts com-  
24           puted with respect to eligible qualified



1 property which is not round 5 exten-  
2 sion property.

3 “(ii) ELECTION.—

4 “(I) A taxpayer who has an elec-  
5 tion in effect under this paragraph for  
6 round 4 extension property shall be  
7 treated as having an election in effect  
8 for round 5 extension property unless  
9 the taxpayer elects to not have this  
10 paragraph apply to round 5 extension  
11 property.

12 “(II) A taxpayer who does not  
13 have an election in effect under this  
14 paragraph for round 4 extension prop-  
15 erty may elect to have this paragraph  
16 apply to round 5 extension property.

17 “(iii) ROUND 5 EXTENSION PROP-  
18 erty.—For purposes of this subpara-  
19 graph, the term ‘round 5 extension prop-  
20 erty’ means property which is eligible  
21 qualified property solely by reason of the  
22 extension of the application of the special  
23 allowance under paragraph (1) pursuant to  
24 the amendments made by section  
25 143(a)(1) of the Protecting Americans

1 from Tax Hikes Act of 2015 (and the ap-  
2 plication of such extension to this para-  
3 graph pursuant to the amendment made  
4 by section 143(a)(3) of such Act).”.

5 (4) CONFORMING AMENDMENTS.—

6 (A) The heading for section 168(k) is  
7 amended by striking “JANUARY 1, 2015” and  
8 inserting “JANUARY 1, 2016”.

9 (B) The heading for section  
10 168(k)(2)(B)(ii) is amended by striking “PRE-  
11 JANUARY 1, 2015” and inserting “PRE-JANUARY  
12 1, 2016”.

13 (5) EFFECTIVE DATE.—

14 (A) IN GENERAL.—Except as provided in  
15 subparagraph (B), the amendments made by  
16 this subsection shall apply to property placed in  
17 service after December 31, 2014, in taxable  
18 years ending after such date.

19 (B) ELECTION TO ACCELERATE AMT  
20 CREDIT.—The amendments made by paragraph  
21 (3) shall apply to taxable years ending after  
22 December 31, 2014.

23 (b) EXTENDED AND MODIFIED FOR 2016 THROUGH  
24 2019.—

1           (1) IN GENERAL.—Section 168(k)(2), as  
2           amended by subsection (a), is amended to read as  
3           follows:

4           “(2) QUALIFIED PROPERTY.—For purposes of  
5           this subsection—

6           “(A) IN GENERAL.—The term ‘qualified  
7           property’ means property—

8           “(i)(I) to which this section applies  
9           which has a recovery period of 20 years or  
10          less,

11          “(II) which is computer software (as  
12          defined in section 167(f)(1)(B)) for which  
13          a deduction is allowable under section  
14          167(a) without regard to this subsection,

15          “(III) which is water utility property,  
16          or

17          “(IV) which is qualified improvement  
18          property,

19          “(ii) the original use of which com-  
20          mences with the taxpayer, and

21          “(iii) which is placed in service by the  
22          taxpayer before January 1, 2020.

23          “(B) CERTAIN PROPERTY HAVING LONGER  
24          PRODUCTION PERIODS TREATED AS QUALIFIED  
25          PROPERTY.—

1                   “(i) IN GENERAL.—The term ‘quali-  
2                   fied property’ includes any property if such  
3                   property—

4                   “(I) meets the requirements of  
5                   clauses (i) and (ii) of subparagraph  
6                   (A),

7                   “(II) is placed in service by the  
8                   taxpayer before January 1, 2021,

9                   “(III) is acquired by the taxpayer  
10                  (or acquired pursuant to a written  
11                  contract entered into) before January  
12                  1, 2020,

13                  “(IV) has a recovery period of at  
14                  least 10 years or is transportation  
15                  property,

16                  “(V) is subject to section 263A,  
17                  and

18                  “(VI) meets the requirements of  
19                  clause (iii) of section 263A(f)(1)(B)  
20                  (determined as if such clause also ap-  
21                  plies to property which has a long  
22                  useful life (within the meaning of sec-  
23                  tion 263A(f))).

24                  “(ii) ONLY PRE-JANUARY 1, 2020  
25                  BASIS ELIGIBLE FOR ADDITIONAL ALLOW-

1 ANCE.—In the case of property which is  
2 qualified property solely by reason of  
3 clause (i), paragraph (1) shall apply only  
4 to the extent of the adjusted basis thereof  
5 attributable to manufacture, construction,  
6 or production before January 1, 2020.

7 “(iii) TRANSPORTATION PROPERTY.—  
8 For purposes of this subparagraph, the  
9 term ‘transportation property’ means tan-  
10 gible personal property used in the trade  
11 or business of transporting persons or  
12 property.

13 “(iv) APPLICATION OF SUBPARA-  
14 GRAPH.—This subparagraph shall not  
15 apply to any property which is described in  
16 subparagraph (C).

17 “(C) CERTAIN AIRCRAFT.—The term  
18 ‘qualified property’ includes property—

19 “(i) which meets the requirements of  
20 subparagraph (A)(ii) and subclauses (II)  
21 and (III) of subparagraph (B)(i),

22 “(ii) which is an aircraft which is not  
23 a transportation property (as defined in  
24 subparagraph (B)(iii)) other than for agri-  
25 cultural or firefighting purposes,

1                   “(iii) which is purchased and on which  
2                   such purchaser, at the time of the contract  
3                   for purchase, has made a nonrefundable  
4                   deposit of the lesser of—

5                               “(I) 10 percent of the cost, or

6                               “(II) \$100,000, and

7                   “(iv) which has—

8                               “(I) an estimated production pe-  
9                               riod exceeding 4 months, and

10                              “(II) a cost exceeding \$200,000.

11                   “(D) EXCEPTION FOR ALTERNATIVE DE-  
12                   PRECIATION PROPERTY.—The term ‘qualified  
13                   property’ shall not include any property to  
14                   which the alternative depreciation system under  
15                   subsection (g) applies, determined—

16                              “(i) without regard to paragraph (7)  
17                              of subsection (g) (relating to election to  
18                              have system apply), and

19                              “(ii) after application of section  
20                              280F(b) (relating to listed property with  
21                              limited business use).

22                   “(E) SPECIAL RULES.—

23                              “(i) SELF-CONSTRUCTED PROP-  
24                              ERTY.—In the case of a taxpayer manufac-  
25                              turing, constructing, or producing property

1 for the taxpayer's own use, the require-  
2 ments of subclause (III) of subparagraph  
3 (B)(i) shall be treated as met if the tax-  
4 payer begins manufacturing, constructing,  
5 or producing the property before January  
6 1, 2020.

7 “(ii) SALE-LEASEBACKS.—For pur-  
8 poses of clause (iii) and subparagraph  
9 (A)(ii), if property is—

10 “(I) originally placed in service  
11 by a person, and

12 “(II) sold and leased back by  
13 such person within 3 months after the  
14 date such property was originally  
15 placed in service,

16 such property shall be treated as originally  
17 placed in service not earlier than the date  
18 on which such property is used under the  
19 leaseback referred to in subclause (II).

20 “(iii) SYNDICATION.—For purposes of  
21 subparagraph (A)(ii), if—

22 “(I) property is originally placed  
23 in service by the lessor of such prop-  
24 erty,

1           “(II) such property is sold by  
2           such lessor or any subsequent pur-  
3           chaser within 3 months after the date  
4           such property was originally placed in  
5           service (or, in the case of multiple  
6           units of property subject to the same  
7           lease, within 3 months after the date  
8           the final unit is placed in service, so  
9           long as the period between the time  
10          the first unit is placed in service and  
11          the time the last unit is placed in  
12          service does not exceed 12 months),  
13          and

14           “(III) the user of such property  
15          after the last sale during such 3-  
16          month period remains the same as  
17          when such property was originally  
18          placed in service,

19          such property shall be treated as originally  
20          placed in service not earlier than the date  
21          of such last sale.

22          “(F) COORDINATION WITH SECTION  
23          280F.—For purposes of section 280F—

24           “(i) AUTOMOBILES.—In the case of a  
25          passenger automobile (as defined in section



1           280F(d)(5)) which is qualified property,  
2           the Secretary shall increase the limitation  
3           under section 280F(a)(1)(A)(i) by \$8,000.

4           “(ii) LISTED PROPERTY.—The deduc-  
5           tion allowable under paragraph (1) shall be  
6           taken into account in computing any re-  
7           capture amount under section 280F(b)(2).

8           “(iii) PHASE DOWN.—In the case of a  
9           passenger automobile placed in service by  
10          the taxpayer after December 31, 2017,  
11          clause (i) shall be applied by substituting  
12          for ‘\$8,000’—

13                   “(I) in the case of an automobile  
14                   placed in service during 2018, \$6,400,  
15                   and

16                   “(II) in the case of an automobile  
17                   placed in service during 2019, \$4,800.

18           “(G) DEDUCTION ALLOWED IN COMPUTING  
19           MINIMUM TAX.—For purposes of determining  
20           alternative minimum taxable income under sec-  
21           tion 55, the deduction under section 167 for  
22           qualified property shall be determined without  
23           regard to any adjustment under section 56.”.

24           (2) QUALIFIED IMPROVEMENT PROPERTY.—

25           Section 168(k)(3) is amended to read as follows:

1           “(3) QUALIFIED IMPROVEMENT PROPERTY.—

2           For purposes of this subsection—

3                   “(A) IN GENERAL.—The term ‘qualified  
4           improvement property’ means any improvement  
5           to an interior portion of a building which is  
6           nonresidential real property if such improve-  
7           ment is placed in service after the date such  
8           building was first placed in service.

9                   “(B) CERTAIN IMPROVEMENTS NOT IN-  
10           CLUDED.—Such term shall not include any im-  
11           provement for which the expenditure is attrib-  
12           utable to—

13                           “(i) the enlargement of the building,

14                           “(ii) any elevator or escalator, or

15                           “(iii) the internal structural frame-  
16           work of the building.”.

17           (3) EXPANSION OF ELECTION TO ACCELERATE  
18           AMT CREDITS IN LIEU OF BONUS DEPRECIATION.—

19           Section 168(k)(4), as amended by subsection (a), is  
20           amended to read as follows:

21                   “(4) ELECTION TO ACCELERATE AMT CREDITS  
22           IN LIEU OF BONUS DEPRECIATION.—

23                   “(A) IN GENERAL.—If a corporation elects  
24           to have this paragraph apply for any taxable  
25           year—

1           “(i) paragraphs (1) and (2)(F) shall  
2           not apply to any qualified property placed  
3           in service during such taxable year,

4           “(ii) the applicable depreciation meth-  
5           od used under this section with respect to  
6           such property shall be the straight line  
7           method, and

8           “(iii) the limitation imposed by section  
9           53(c) for such taxable year shall be in-  
10          creased by the bonus depreciation amount  
11          which is determined for such taxable year  
12          under subparagraph (B).

13          “(B) BONUS DEPRECIATION AMOUNT.—  
14          For purposes of this paragraph—

15                 “(i) IN GENERAL.—The bonus depre-  
16                 ciation amount for any taxable year is an  
17                 amount equal to 20 percent of the excess  
18                 (if any) of—

19                         “(I) the aggregate amount of de-  
20                         preciation which would be allowed  
21                         under this section for qualified prop-  
22                         erty placed in service by the taxpayer  
23                         during such taxable year if paragraph  
24                         (1) applied to all such property (and,  
25                         in the case of any such property which

1 is a passenger automobile (as defined  
2 in section 280F(d)(5)), if paragraph  
3 (2)(F) applied to such automobile),  
4 over

5 “(II) the aggregate amount of  
6 depreciation which would be allowed  
7 under this section for qualified prop-  
8 erty placed in service by the taxpayer  
9 during such taxable year if para-  
10 graphs (1) and (2)(F) did not apply  
11 to any such property.

12 The aggregate amounts determined under  
13 subclauses (I) and (II) shall be determined  
14 without regard to any election made under  
15 subparagraph (A) or subsection (b)(2)(D),  
16 (b)(3)(D), or (g)(7).

17 “(ii) LIMITATION.—The bonus depre-  
18 ciation amount for any taxable year shall  
19 not exceed the lesser of—

20 “(I) 50 percent of the minimum  
21 tax credit under section 53(b) for the  
22 first taxable year ending after Decem-  
23 ber 31, 2015, or

24 “(II) the minimum tax credit  
25 under section 53(b) for such taxable

1 year determined by taking into ac-  
2 count only the adjusted net minimum  
3 tax for taxable years ending before  
4 January 1, 2016 (determined by  
5 treating credits as allowed on a first-  
6 in, first-out basis).

7 “(iii) AGGREGATION RULE.—All cor-  
8 porations which are treated as a single em-  
9 ployer under section 52(a) shall be treat-  
10 ed—

11 “(I) as 1 taxpayer for purposes  
12 of this paragraph, and

13 “(II) as having elected the appli-  
14 cation of this paragraph if any such  
15 corporation so elects.

16 “(C) CREDIT REFUNDABLE.—For pur-  
17 poses of section 6401(b), the aggregate increase  
18 in the credits allowable under part IV of sub-  
19 chapter A for any taxable year resulting from  
20 the application of this paragraph shall be treat-  
21 ed as allowed under subpart C of such part  
22 (and not any other subpart).

23 “(D) OTHER RULES.—

1           “(i) ELECTION.—Any election under  
2           this paragraph may be revoked only with  
3           the consent of the Secretary.

4           “(ii) PARTNERSHIPS WITH ELECTING  
5           PARTNERS.—In the case of a corporation  
6           which is a partner in a partnership and  
7           which makes an election under subpara-  
8           graph (A) for the taxable year, for pur-  
9           poses of determining such corporation’s  
10          distributive share of partnership items  
11          under section 702 for such taxable year—

12                   “(I) paragraphs (1) and (2)(F)  
13                   shall not apply to any qualified prop-  
14                   erty placed in service during such tax-  
15                   able year, and

16                           “(II) the applicable depreciation  
17                           method used under this section with  
18                           respect to such property shall be the  
19                           straight line method.

20           “(iii) CERTAIN PARTNERSHIPS.—In  
21           the case of a partnership in which more  
22           than 50 percent of the capital and profits  
23           interests are owned (directly or indirectly)  
24           at all times during the taxable year by 1  
25           corporation (or by corporations treated as

1                   1 taxpayer under subparagraph (B)(iii),  
2                   each partner shall compute its bonus de-  
3                   preciation amount under clause (i) of sub-  
4                   paragraph (B) by taking into account its  
5                   distributive share of the amounts deter-  
6                   mined by the partnership under subclauses  
7                   (I) and (II) of such clause for the taxable  
8                   year of the partnership ending with or  
9                   within the taxable year of the partner.”.

10                   (4) SPECIAL RULES FOR CERTAIN PLANTS  
11                   BEARING FRUITS AND NUTS.—Section 168(k) is  
12                   amended—

13                   (A) by striking paragraph (5), and

14                   (B) by inserting after paragraph (4) the  
15                   following new paragraph:

16                   “(5) SPECIAL RULES FOR CERTAIN PLANTS  
17                   BEARING FRUITS AND NUTS.—

18                   “(A) IN GENERAL.—In the case of any  
19                   specified plant which is planted before January  
20                   1, 2020, or is grafted before such date to a  
21                   plant that has already been planted, by the tax-  
22                   payer in the ordinary course of the taxpayer’s  
23                   farming business (as defined in section  
24                   263A(e)(4)) during a taxable year for which the

1 taxpayer has elected the application of this  
2 paragraph—

3 “(i) a depreciation deduction equal to  
4 50 percent of the adjusted basis of such  
5 specified plant shall be allowed under sec-  
6 tion 167(a) for the taxable year in which  
7 such specified plant is so planted or graft-  
8 ed, and

9 “(ii) the adjusted basis of such speci-  
10 fied plant shall be reduced by the amount  
11 of such deduction.

12 “(B) SPECIFIED PLANT.—For purposes of  
13 this paragraph, the term ‘specified plant’  
14 means—

15 “(i) any tree or vine which bears  
16 fruits or nuts, and

17 “(ii) any other plant which will have  
18 more than one yield of fruits or nuts and  
19 which generally has a pre-productive period  
20 of more than 2 years from the time of  
21 planting or grafting to the time at which  
22 such plant begins bearing fruits or nuts.

23 Such term shall not include any property which  
24 is planted or grafted outside of the United  
25 States.



1           “(C) ELECTION REVOCABLE ONLY WITH  
2           CONSENT.—An election under this paragraph  
3           may be revoked only with the consent of the  
4           Secretary.

5           “(D) ADDITIONAL DEPRECIATION MAY BE  
6           CLAIMED ONLY ONCE.—If this paragraph ap-  
7           plies to any specified plant, such specified plant  
8           shall not be treated as qualified property in the  
9           taxable year in which placed in service.

10          “(E) DEDUCTION ALLOWED IN COMPUTING  
11          MINIMUM TAX.—Rules similar to the rules of  
12          paragraph (2)(G) shall apply for purposes of  
13          this paragraph.

14          “(F) PHASE DOWN.—In the case of a spec-  
15          ified plant which is planted after December 31,  
16          2017 (or is grafted to a plant that has already  
17          been planted before such date), subparagraph  
18          (A)(i) shall be applied by substituting for ‘50  
19          percent’—

20                 “(i) in the case of a plant which is  
21                 planted (or so grafted) in 2018, ‘40 per-  
22                 cent’, and

23                 “(ii) in the case of a plant which is  
24                 planted (or so grafted) during 2019, ‘30  
25                 percent’.”.

1           (5) PHASE DOWN OF BONUS DEPRECIATION.—  
2           Section 168(k) is amended by adding at the end the  
3           following new paragraph:

4           “(6) PHASE DOWN.—In the case of qualified  
5           property placed in service by the taxpayer after De-  
6           cember 31, 2017, paragraph (1)(A) shall be applied  
7           by substituting for ‘50 percent’—

8                   “(A) in the case of property placed in serv-  
9                   ice in 2018 (or in the case of property placed  
10                   in service in 2019 and described in paragraph  
11                   (2)(B) or (C) (determined by substituting  
12                   ‘2019’ for ‘2020’ in paragraphs (2)(B)(i)(III)  
13                   and (ii) and paragraph (2)(E)(i)), ‘40 percent’,

14                   “(B) in the case of property placed in serv-  
15                   ice in 2019 (or in the case of property placed  
16                   in service in 2020 and described in paragraph  
17                   (2)(B) or (C), ‘30 percent.’”.

18           (6) CONFORMING AMENDMENTS.—

19                   (A) Section 168(e)(6) is amended—

20                           (i) by redesignating subparagraphs  
21                           (A) and (B) as subparagraphs (D) and  
22                           (E), respectively,

23                           (ii) by striking all that precedes sub-  
24                           paragraph (D) (as so redesignated) and in-  
25                           serting the following:

1           “(6) QUALIFIED LEASEHOLD IMPROVEMENT  
2           PROPERTY.—For purposes of this subsection—

3           “(A) IN GENERAL.—The term ‘qualified  
4           leasehold improvement property’ means any im-  
5           provement to an interior portion of a building  
6           which is nonresidential real property if—

7           “(i) such improvement is made under  
8           or pursuant to a lease (as defined in sub-  
9           section (h)(7))—

10           “(I) by the lessee (or any subles-  
11           see) of such portion, or

12           “(II) by the lessor of such por-  
13           tion,

14           “(ii) such portion is to be occupied ex-  
15           clusively by the lessee (or any sublessee) of  
16           such portion, and

17           “(iii) such improvement is placed in  
18           service more than 3 years after the date  
19           the building was first placed in service.

20           “(B) CERTAIN IMPROVEMENTS NOT IN-  
21           CLUDED.—Such term shall not include any im-  
22           provement for which the expenditure is attrib-  
23           utable to—

24           “(i) the enlargement of the building,

25           “(ii) any elevator or escalator,

1                   “(iii) any structural component bene-  
2                   fitting a common area, or

3                   “(iv) the internal structural frame-  
4                   work of the building.

5                   “(C) DEFINITIONS AND SPECIAL RULES.—  
6                   For purposes of this paragraph—

7                   “(i) COMMITMENT TO LEASE TREAT-  
8                   ED AS LEASE.—A commitment to enter  
9                   into a lease shall be treated as a lease, and  
10                  the parties to such commitment shall be  
11                  treated as lessor and lessee, respectively.

12                  “(ii) RELATED PERSONS.—A lease be-  
13                  tween related persons shall not be consid-  
14                  ered a lease. For purposes of the preceding  
15                  sentence, the term ‘related persons’  
16                  means—

17                         “(I) members of an affiliated  
18                         group (as defined in section 1504),  
19                         and

20                         “(II) persons having a relation-  
21                         ship described in subsection (b) of  
22                         section 267; except that, for purposes  
23                         of this clause, the phrase ‘80 percent  
24                         or more’ shall be substituted for the  
25                         phrase ‘more than 50 percent’ each

1 place it appears in such subsection.”,

2 and

3 (iii) by striking “subparagraph (A)”

4 in subparagraph (E) (as so redesignated)

5 and inserting “subparagraph (D)”.

6 (B) Section 168(e)(7)(B) is amended by

7 striking “qualified leasehold improvement prop-

8 erty” and inserting “qualified improvement

9 property”.

10 (C) Section 168(e)(8) is amended by strik-

11 ing subparagraph (D).

12 (D) Section 168(k), as amended by the

13 preceding provisions of this section, is amended

14 by adding at the end the following new para-

15 graph:

16 “(7) ELECTION OUT.—If a taxpayer makes an

17 election under this paragraph with respect to any

18 class of property for any taxable year, paragraphs

19 (1) and (2)(F) shall not apply to any qualified prop-

20 erty in such class placed in service during such tax-

21 able year. An election under this paragraph may be

22 revoked only with the consent of the Secretary.”.

23 (E) Section 168(l)(3) is amended—

1 (i) by striking “section 168(k)” in  
2 subparagraph (A) and inserting “sub-  
3 section (k)”, and

4 (ii) by striking “section  
5 168(k)(2)(D)(i)” in subparagraph (B) and  
6 inserting “subsection (k)(2)(D)”.

7 (F) Section 168(l)(4) is amended by strik-  
8 ing “subparagraph (E) of section 168(k)(2)”  
9 and all that follows and inserting “subsection  
10 (k)(2)(E) shall apply.”.

11 (G) Section 168(l)(5) is amended by strik-  
12 ing “section 168(k)(2)(G)” and inserting “sub-  
13 section (k)(2)(G)”.

14 (H) Section 263A(c) is amended by adding  
15 at the end the following new paragraph:

16 “(7) COORDINATION WITH SECTION  
17 168(k)(5).—This section shall not apply to any  
18 amount allowed as a deduction by reason of section  
19 168(k)(5) (relating to special rules for certain plants  
20 bearing fruits and nuts).”.

21 (I) Section 460(c)(6)(B)(ii), as amended  
22 by subsection (a), is amended to read as fol-  
23 lows:

24 “(ii) is placed in service before Janu-  
25 ary 1, 2020 (January 1, 2021 in the case

1 of property described in section  
2 168(k)(2)(B)).”.

3 (J) Section 168(k), as amended by sub-  
4 section (a), is amended by striking “AND BE-  
5 FORE JANUARY 1, 2016” in the heading thereof  
6 and inserting “AND BEFORE JANUARY 1,  
7 2020”.

8 (7) EFFECTIVE DATES.—

9 (A) IN GENERAL.—Except as otherwise  
10 provided in this paragraph, the amendments  
11 made by this subsection shall apply to property  
12 placed in service after December 31, 2015, in  
13 taxable years ending after such date.

14 (B) EXPANSION OF ELECTION TO ACCEL-  
15 ERATE AMT CREDITS IN LIEU OF BONUS DE-  
16 PRECIATION.—The amendments made by para-  
17 graph (3) shall apply to taxable years ending  
18 after December 31, 2015, except that in the  
19 case of any taxable year beginning before Janu-  
20 ary 1, 2016, and ending after December 31,  
21 2015, the limitation under section  
22 168(k)(4)(B)(ii) of the Internal Revenue Code  
23 of 1986 (as amended by this section) shall be  
24 the sum of—

25 (i) the product of—

1 (I) the maximum increase  
2 amount (within the meaning of sec-  
3 tion 168(k)(4)(C)(iii) of such Code, as  
4 in effect before the amendments made  
5 by this subsection), multiplied by

6 (II) a fraction the numerator of  
7 which is the number of days in the  
8 taxable year before January 1, 2016,  
9 and the denominator of which is the  
10 number of days in the taxable year,  
11 plus

12 (ii) the product of—

13 (I) such limitation (determined  
14 without regard to this subparagraph),  
15 multiplied by

16 (II) a fraction the numerator of  
17 which is the number of days in the  
18 taxable year after December 31, 2015,  
19 and the denominator of which is the  
20 number of days in the taxable year.

21 (C) SPECIAL RULES FOR CERTAIN PLANTS  
22 BEARING FRUITS AND NUTS.—The amendments  
23 made by paragraph (4) (other than subpara-  
24 graph (A) thereof) shall apply to specified  
25 plants (as defined in section 168(k)(5)(B) of



1           the Internal Revenue Code of 1986, as amended  
2           by this subsection) planted or grafted after De-  
3           cember 31, 2015.

4 **SEC. 144. EXTENSION OF LOOK-THRU TREATMENT OF PAY-**  
5 **MENTS BETWEEN RELATED CONTROLLED**  
6 **FOREIGN CORPORATIONS UNDER FOREIGN**  
7 **PERSONAL HOLDING COMPANY RULES.**

8           (a) **IN GENERAL.**—Section 954(c)(6)(C) is amended  
9 by striking “January 1, 2015” and inserting “January 1,  
10 2020”.

11          (b) **EFFECTIVE DATE.**—The amendment made by  
12 this section shall apply to taxable years of foreign corpora-  
13 tions beginning after December 31, 2014, and to taxable  
14 years of United States shareholders with or within which  
15 such taxable years of foreign corporations end.

1     **Subtitle C—Extensions Through**  
2                                   **2016**

3             **PART 1—TAX RELIEF FOR FAMILIES AND**  
4                                   **INDIVIDUALS**

5     **SEC. 151. EXTENSION AND MODIFICATION OF EXCLUSION**  
6                                   **FROM GROSS INCOME OF DISCHARGE OF**  
7                                   **QUALIFIED PRINCIPAL RESIDENCE INDEBT-**  
8                                   **EDNESS.**

9             (a) **EXTENSION.**—Section 108(a)(1)(E) is amended  
10 by striking “January 1, 2015” and inserting “January 1,  
11 2017”.

12            (b) **MODIFICATION.**—Section 108(a)(1)(E), as  
13 amended by subsection (a), is amended by striking “dis-  
14 charged before” and all that follows and inserting “dis-  
15 charged—

16                                   “(i) before January 1, 2017, or

17                                   “(ii) subject to an arrangement that  
18                                   is entered into and evidenced in writing be-  
19                                   fore January 1, 2017.”.

20            (c) **EFFECTIVE DATES.**—

21                    (1) **EXTENSION.**—The amendment made by  
22                    subsection (a) shall apply to discharges of indebted-  
23                    ness after December 31, 2014.

1           (2) MODIFICATION.—The amendment made by  
2           subsection (b) shall apply to discharges of indebted-  
3           ness after December 31, 2015.

4 **SEC. 152. EXTENSION OF MORTGAGE INSURANCE PRE-**  
5 **MIUMS TREATED AS QUALIFIED RESIDENCE**  
6 **INTEREST.**

7           (a) IN GENERAL.—Subclause (I) of section  
8 163(h)(3)(E)(iv) is amended by striking “December 31,  
9 2014” and inserting “December 31, 2016”.

10          (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to amounts paid or accrued after  
12 December 31, 2014.

13 **SEC. 153. EXTENSION OF ABOVE-THE-LINE DEDUCTION FOR**  
14 **QUALIFIED TUITION AND RELATED EX-**  
15 **PENSES.**

16          (a) IN GENERAL.—Section 222(e) is amended by  
17 striking “December 31, 2014” and inserting “December  
18 31, 2016”.

19          (b) EFFECTIVE DATE.—The amendment made by  
20 this section shall apply to taxable years beginning after  
21 December 31, 2014.

1           **PART 2—INCENTIVES FOR GROWTH, JOBS,**  
2                           **INVESTMENT, AND INNOVATION**

3 **SEC. 161. EXTENSION OF INDIAN EMPLOYMENT TAX CRED-**  
4                           **IT.**

5           (a) **IN GENERAL.**—Section 45A(f) is amended by  
6 striking “December 31, 2014” and inserting “December  
7 31, 2016”.

8           (b) **EFFECTIVE DATE.**—The amendment made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 2014.

11 **SEC. 162. EXTENSION AND MODIFICATION OF RAILROAD**  
12                           **TRACK MAINTENANCE CREDIT.**

13           (a) **EXTENSION.**—Section 45G(f) is amended by  
14 striking “January 1, 2015” and inserting “January 1,  
15 2017”.

16           (b) **MODIFICATION.**—Section 45G(d) is amended by  
17 striking “January 1, 2005,” and inserting “January 1,  
18 2015,”.

19           (c) **EFFECTIVE DATES.**—

20                   (1) **EXTENSION.**—The amendment made by  
21 subsection (a) shall apply to expenditures paid or in-  
22 curred in taxable years beginning after December  
23 31, 2014.

24                   (2) **MODIFICATION.**—The amendment made by  
25 subsection (b) shall apply to expenditures paid or in-

1 curred in taxable years beginning after December  
2 31, 2015.

3 **SEC. 163. EXTENSION OF MINE RESCUE TEAM TRAINING**  
4 **CREDIT.**

5 (a) IN GENERAL.—Section 45N(e) is amended by  
6 striking “December 31, 2014” and inserting “December  
7 31, 2016”.

8 (b) EFFECTIVE DATE.—The amendment made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 2014.

11 **SEC. 164. EXTENSION OF QUALIFIED ZONE ACADEMY**  
12 **BONDS.**

13 (a) EXTENSION.—Section 54E(c)(1) is amended by  
14 striking “and 2014” and inserting “2014, 2015, and  
15 2016”.

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall apply to obligations issued after Decem-  
18 ber 31, 2014.

19 **SEC. 165. EXTENSION OF CLASSIFICATION OF CERTAIN**  
20 **RACE HORSES AS 3-YEAR PROPERTY.**

21 (a) IN GENERAL.—Section 168(e)(3)(A)(i) is amend-  
22 ed—

23 (1) by striking “January 1, 2015” in subclause  
24 (I) and inserting “January 1, 2017”, and

1           (2) by striking “December 31, 2014” in sub-  
2           clause (II) and inserting “December 31, 2016”.

3           (b) EFFECTIVE DATE.—The amendments made by  
4           this section shall apply to property placed in service after  
5           December 31, 2014.

6           **SEC. 166. EXTENSION OF 7-YEAR RECOVERY PERIOD FOR**  
7                           **MOTORSPORTS ENTERTAINMENT COM-**  
8                           **PLEXES.**

9           (a) IN GENERAL.—Section 168(i)(15)(D) is amended  
10          by striking “December 31, 2014” and inserting “Decem-  
11          ber 31, 2016”.

12          (b) EFFECTIVE DATE.—The amendment made by  
13          this section shall apply to property placed in service after  
14          December 31, 2014.

15          **SEC. 167. EXTENSION AND MODIFICATION OF ACCELER-**  
16                           **ATED DEPRECIATION FOR BUSINESS PROP-**  
17                           **ERTY ON AN INDIAN RESERVATION.**

18          (a) IN GENERAL.—Section 168(j)(8) is amended by  
19          striking “December 31, 2014” and inserting “December  
20          31, 2016”.

21          (b) ELECTION TO HAVE SPECIAL RULES NOT  
22          APPLY.—Section 168(j) is amended by redesignating  
23          paragraph (8), as amended by subsection (a), as para-  
24          graph (9), and by inserting after paragraph (7) the fol-  
25          lowing new paragraph:

1           “(8) ELECTION OUT.—If a taxpayer makes an  
2           election under this paragraph with respect to any  
3           class of property for any taxable year, this sub-  
4           section shall not apply to all property in such class  
5           placed in service during such taxable year. Such  
6           election, once made, shall be irrevocable.”.

7           (c) EFFECTIVE DATES.—

8           (1) EXTENSION.—The amendment made by  
9           subsection (a) shall apply to property placed in serv-  
10          ice after December 31, 2014.

11          (2) MODIFICATION.—The amendments made by  
12          subsection (b) shall apply to taxable years beginning  
13          after December 31, 2015.

14   **SEC. 168. EXTENSION OF ELECTION TO EXPENSE MINE**  
15                           **SAFETY EQUIPMENT.**

16          (a) IN GENERAL.—Section 179E(g) is amended by  
17          striking “December 31, 2014” and inserting “December  
18          31, 2016”.

19          (b) EFFECTIVE DATE.—The amendment made by  
20          this section shall apply to property placed in service after  
21          December 31, 2014.

1 **SEC. 169. EXTENSION OF SPECIAL EXPENSING RULES FOR**  
2 **CERTAIN FILM AND TELEVISION PRODUC-**  
3 **TIONS; SPECIAL EXPENSING FOR LIVE THE-**  
4 **ATRICAL PRODUCTIONS.**

5 (a) IN GENERAL.—Section 181(f) is amended by  
6 striking “December 31, 2014” and inserting “December  
7 31, 2016”.

8 (b) APPLICATION TO LIVE PRODUCTIONS.—

9 (1) IN GENERAL.—Paragraph (1) of section  
10 181(a) is amended by inserting “, and any qualified  
11 live theatrical production,” after “any qualified film  
12 or television production”.

13 (2) CONFORMING AMENDMENTS.—Section 181  
14 is amended—

15 (A) by inserting “or any qualified live the-  
16 atrical production” after “qualified film or tele-  
17 vision production” each place it appears in sub-  
18 sections (a)(2), (b), and (c)(1),

19 (B) by inserting “or qualified live theat-  
20 rical productions” after “qualified film or tele-  
21 vision productions” in subsection (f), and

22 (C) by inserting “**AND LIVE THEAT-**  
23 **RICAL**” after “**FILM AND TELEVISION**” in  
24 the heading.

25 (3) CLERICAL AMENDMENT.—The item relating  
26 to section 181 in the table of sections for part VI



1 of subchapter B of chapter 1 is amended to read as  
2 follows:

“Sec. 181. Treatment of certain qualified film and television and live theatrical productions.”.

3 (c) QUALIFIED LIVE THEATRICAL PRODUCTION.—

4 Section 181 is amended—

5 (1) by redesignating subsections (e) and (f), as  
6 amended by subsections (a) and (b), as subsections  
7 (f) and (g), respectively, and

8 (2) by inserting after subsection (d) the fol-  
9 lowing new subsection:

10 “(e) QUALIFIED LIVE THEATRICAL PRODUCTION.—

11 For purposes of this section—

12 “(1) IN GENERAL.—The term ‘qualified live  
13 theatrical production’ means any production de-  
14 scribed in paragraph (2) if 75 percent of the total  
15 compensation of the production is qualified com-  
16 pensation (as defined in subsection (d)(3)).

17 “(2) PRODUCTION.—

18 “(A) IN GENERAL.—A production is de-  
19 scribed in this paragraph if such production is  
20 a live staged production of a play (with or with-  
21 out music) which is derived from a written book  
22 or script and is produced or presented by a tax-  
23 able entity in any venue which has an audience  
24 capacity of not more than 3,000 or a series of

1 venues the majority of which have an audience  
2 capacity of not more than 3,000.

3 “(B) TOURING COMPANIES, ETC.—In the  
4 case of multiple live staged productions—

5 “(i) for which the election under this  
6 section would be allowable to the same tax-  
7 payer, and

8 “(ii) which are—

9 “(I) separate phases of a produc-  
10 tion, or

11 “(II) separate simultaneous stag-  
12 ings of the same production in dif-  
13 ferent geographical locations (not in-  
14 cluding multiple performance locations  
15 of any one touring production),

16 each such live staged production shall be treat-  
17 ed as a separate production.

18 “(C) PHASE.—For purposes of subpara-  
19 graph (B), the term ‘phase’ with respect to any  
20 qualified live theatrical production refers to  
21 each of the following, but only if each of the fol-  
22 lowing is treated by the taxpayer as a separate  
23 activity for all purposes of this title:

24 “(i) The initial staging of a live theat-  
25 rical production.

1           “(ii) Subsequent additional stagings  
2           or touring of such production which are  
3           produced by the same producer as the ini-  
4           tial staging.

5           “(D) SEASONAL PRODUCTIONS.—

6           “(i) IN GENERAL.—In the case of a  
7           live staged production not described in  
8           subparagraph (B) which is produced or  
9           presented by a taxable entity for not more  
10          than 10 weeks of the taxable year, sub-  
11          paragraph (A) shall be applied by sub-  
12          stituting ‘6,500’ for ‘3,000’.

13          “(ii) SHORT TAXABLE YEARS.—For  
14          purposes of clause (i), in the case of any  
15          taxable year of less than 12 months, the  
16          number of weeks for which a production is  
17          produced or presented shall be annualized  
18          by multiplying the number of weeks the  
19          production is produced or presented during  
20          such taxable year by 12 and dividing the  
21          result by the number of months in such  
22          taxable year.

23          “(E) EXCEPTION.—A production is not de-  
24          scribed in this paragraph if such production in-  
25          cludes or consists of any performance of con-

1 duct described in section 2257(h)(1) of title 18,  
2 United States Code.”.

3 (d) EFFECTIVE DATE.—

4 (1) EXTENSION.—The amendment made by  
5 subsection (a) shall apply to productions com-  
6 mencing after December 31, 2014.

7 (2) MODIFICATIONS.—

8 (A) IN GENERAL.—The amendments made  
9 by subsections (b) and (c) shall apply to pro-  
10 ductions commencing after December 31, 2015.

11 (B) COMMENCEMENT.—For purposes of  
12 subparagraph (A), the date on which a qualified  
13 live theatrical production commences is the date  
14 of the first public performance of such produc-  
15 tion for a paying audience.

16 **SEC. 170. EXTENSION OF DEDUCTION ALLOWABLE WITH**  
17 **RESPECT TO INCOME ATTRIBUTABLE TO DO-**  
18 **MESTIC PRODUCTION ACTIVITIES IN PUERTO**  
19 **RICO.**

20 (a) IN GENERAL.—Section 199(d)(8)(C) is amend-  
21 ed—

22 (1) by striking “first 9 taxable years” and in-  
23 serting “first 11 taxable years”, and

24 (2) by striking “January 1, 2015” and insert-  
25 ing “January 1, 2017”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2014.

4 **SEC. 171. EXTENSION AND MODIFICATION OF EMPOWER-**  
5 **MENT ZONE TAX INCENTIVES.**

6 (a) IN GENERAL.—

7 (1) EXTENSION.—Section 1391(d)(1)(A)(i) is  
8 amended by striking “December 31, 2014” and in-  
9 serting “December 31, 2016”.

10 (2) TREATMENT OF CERTAIN TERMINATION  
11 DATES SPECIFIED IN NOMINATIONS.—In the case of  
12 a designation of an empowerment zone the nomina-  
13 tion for which included a termination date which is  
14 contemporaneous with the date specified in subpara-  
15 graph (A)(i) of section 1391(d)(1) of the Internal  
16 Revenue Code of 1986 (as in effect before the enact-  
17 ment of this Act), subparagraph (B) of such section  
18 shall not apply with respect to such designation if,  
19 after the date of the enactment of this section, the  
20 entity which made such nomination amends the  
21 nomination to provide for a new termination date in  
22 such manner as the Secretary of the Treasury (or  
23 the Secretary’s designee) may provide.

24 (b) MODIFICATION.—Section 1394(b)(3)(B)(i) is  
25 amended—

1           (1) by striking “References” and inserting the  
2 following:

3                           “(I) IN GENERAL.—Except as  
4 provided in subclause (II), ref-  
5 erences”, and

6           (2) by adding at the end the following new sub-  
7 clause:

8                           “(II) SPECIAL RULE FOR EM-  
9 PLOYEE RESIDENCE TEST.—For pur-  
10 poses of subsection (b)(6) and (c)(5)  
11 of section 1397C, an employee shall  
12 be treated as a resident of an em-  
13 powerment zone if such employee is a  
14 resident of an empowerment zone, an  
15 enterprise community, or a qualified  
16 low-income community within an ap-  
17 plicable nominating jurisdiction.”.

18           (c) DEFINITIONS.—

19                           (1) QUALIFIED LOW-INCOME COMMUNITY.—  
20 Section 1394(b)(3) is amended by redesignating sub-  
21 paragraphs (C) and (D) as subparagraphs (D) and  
22 (E), respectively, and by inserting after subpara-  
23 graph (B) the following new subparagraph:

24                           “(C) QUALIFIED LOW-INCOME COMMU-  
25 NITY.—For purposes of subparagraph (B)—

1           “(i) IN GENERAL.—The term ‘quali-  
2           fied low-income community’ means any  
3           population census tract if—

4                   “(I) the poverty rate for such  
5                   tract is at least 20 percent, or

6                   “(II) the median family income  
7                   for such tract does not exceed 80 per-  
8                   cent of statewide median family in-  
9                   come (or, in the case of a tract lo-  
10                  cated within a metropolitan area, met-  
11                  ropolitan area median family income  
12                  if greater).

13           Subclause (II) shall be applied using  
14           possessionwide median family income in  
15           the case of census tracts located within a  
16           possession of the United States.

17           “(ii) TARGETED POPULATIONS.—The  
18           Secretary shall prescribe regulations under  
19           which 1 or more targeted populations  
20           (within the meaning of section 103(20) of  
21           the Riegle Community Development and  
22           Regulatory Improvement Act of 1994) may  
23           be treated as qualified low-income commu-  
24           nities.

1           “(iii) AREAS NOT WITHIN CENSUS  
2 TRACTS.—In the case of an area which is  
3 not tracted for population census tracts,  
4 the equivalent county divisions (as defined  
5 by the Bureau of the Census for purposes  
6 of defining poverty areas) shall be used for  
7 purposes of determining poverty rates and  
8 median family income.

9           “(iv) MODIFICATION OF INCOME RE-  
10 QUIREMENT FOR CENSUS TRACTS WITHIN  
11 HIGH MIGRATION RURAL COUNTIES.—

12           “(I) IN GENERAL.—In the case  
13 of a population census tract located  
14 within a high migration rural county,  
15 clause (i)(II) shall be applied to areas  
16 not located within a metropolitan area  
17 by substituting ‘85 percent’ for ‘80  
18 percent’.

19           “(II) HIGH MIGRATION RURAL  
20 COUNTY.—For purposes of this  
21 clause, the term ‘high migration rural  
22 county’ means any county which, dur-  
23 ing the 20-year period ending with the  
24 year in which the most recent census  
25 was conducted, has a net out-migra-



1                   tion of inhabitants from the county of  
2                   at least 10 percent of the population  
3                   of the county at the beginning of such  
4                   period.”.

5                   (2) APPLICABLE NOMINATING JURISDICTION.—  
6                   Section 1394(b)(3)(D), as redesignated by para-  
7                   graph (1), is amended by adding at the end the fol-  
8                   lowing new clause:

9                               “(iii) APPLICABLE NOMINATING JU-  
10                              RISDICTION.—The term ‘applicable nomi-  
11                              nating jurisdiction’ means, with respect to  
12                              any empowerment zone or enterprise com-  
13                              munity, any local government that nomi-  
14                              nated such community for designation  
15                              under section 1391.”.

16                   (d) CONFORMING AMENDMENTS.—

17                              (1) Section 1394(b)(3)(B)(iii) is amended by  
18                              striking “or an enterprise community” and inserting  
19                              “, an enterprise community, or a qualified low-in-  
20                              come community within an applicable nominating ju-  
21                              risdiction”.

22                              (2) Section 1394(b)(3)(D), as redesignated by  
23                              subsection (c)(1), is amended by striking “DEFINI-  
24                              TIONS” and inserting “OTHER DEFINITIONS”.

25                   (e) EFFECTIVE DATES.—

1           (1) EXTENSIONS.—The amendment made by  
2           subsection (a) shall apply to taxable years beginning  
3           after December 31, 2014.

4           (2) MODIFICATIONS.—The amendments made  
5           by subsections (b), (c), and (d) shall apply to bonds  
6           issued after December 31, 2015.

7   **SEC. 172. EXTENSION OF TEMPORARY INCREASE IN LIMIT**  
8                           **ON COVER OVER OF RUM EXCISE TAXES TO**  
9                           **PUERTO RICO AND THE VIRGIN ISLANDS.**

10          (a) IN GENERAL.—Section 7652(f)(1) is amended by  
11          striking “January 1, 2015” and inserting “January 1,  
12          2017”.

13          (b) EFFECTIVE DATE.—The amendment made by  
14          this section shall apply to distilled spirits brought into the  
15          United States after December 31, 2014.

16   **SEC. 173. EXTENSION OF AMERICAN SAMOA ECONOMIC DE-**  
17                           **VELOPMENT CREDIT.**

18          (a) IN GENERAL.—Section 119(d) of division A of  
19          the Tax Relief and Health Care Act of 2006 is amended—

20                  (1) by striking “January 1, 2015” each place  
21                  it appears and inserting “January 1, 2017”,

22                  (2) by striking “first 9 taxable years” in para-  
23                  graph (1) and inserting “first 11 taxable years”,  
24                  and

1           (3) by striking “first 3 taxable years” in para-  
2           graph (2) and inserting “first 5 taxable years”.

3           (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2014.

6 **SEC. 174. MORATORIUM ON MEDICAL DEVICE EXCISE TAX.**

7           (a) IN GENERAL.—Section 4191 is amended by add-  
8 ing at the end the following new subsection:

9           “(c) MORATORIUM.—The tax imposed under sub-  
10 section (a) shall not apply to sales during the period begin-  
11 ning on January 1, 2016, and ending on December 31,  
12 2017.”.

13           (b) EFFECTIVE DATE.—The amendment made by  
14 this section shall apply to sales after December 31, 2015.

15 **PART 3—INCENTIVES FOR ENERGY PRODUCTION**  
16 **AND CONSERVATION**

17 **SEC. 181. EXTENSION AND MODIFICATION OF CREDIT FOR**  
18 **NONBUSINESS ENERGY PROPERTY.**

19           (a) EXTENSION.—Section 25C(g)(2) is amended by  
20 striking “December 31, 2014” and inserting “December  
21 31, 2016”.

22           (b) UPDATED ENERGY STAR REQUIREMENTS.—

23           (1) IN GENERAL.—Section 25C(c)(1) is amend-  
24 ed by striking “which meets” and all that follows  
25 through “requirements)”.

1           (2) ENERGY EFFICIENT BUILDING ENVELOPE  
2           COMPONENT.—Section 25C(e) is amended by redese-  
3           ignating paragraphs (2) and (3) as paragraphs (3)  
4           and (4), respectively, and by inserting after para-  
5           graph (1) the following new paragraph:

6           “(2) ENERGY EFFICIENT BUILDING ENVELOPE  
7           COMPONENT.—The term ‘energy efficient building  
8           envelope component’ means a building envelope com-  
9           ponent which meets—

10                   “(A) applicable Energy Star program re-  
11                   quirements, in the case of a roof or roof prod-  
12                   ucts,

13                   “(B) version 6.0 Energy Star program re-  
14                   quirements, in the case of an exterior window,  
15                   a skylight, or an exterior door, and

16                   “(C) the prescriptive criteria for such com-  
17                   ponent established by the 2009 International  
18                   Energy Conservation Code, as such Code (in-  
19                   cluding supplements) is in effect on the date of  
20                   the enactment of the American Recovery and  
21                   Reinvestment Tax Act of 2009, in the case of  
22                   any other component.”.

23           (c) EFFECTIVE DATES.—

1           (1) EXTENSION.—The amendment made by  
2           subsection (a) shall apply to property placed in serv-  
3           ice after December 31, 2014.

4           (2) MODIFICATION.—The amendments made by  
5           subsection (b) shall apply to property placed in serv-  
6           ice after December 31, 2015.

7   **SEC. 182. EXTENSION OF CREDIT FOR ALTERNATIVE FUEL**  
8                           **VEHICLE REFUELING PROPERTY.**

9           (a) IN GENERAL.—Section 30C(g) is amended by  
10          striking “December 31, 2014” and inserting “December  
11          31, 2016”.

12          (b) EFFECTIVE DATE.—The amendment made by  
13          this section shall apply to property placed in service after  
14          December 31, 2014.

15   **SEC. 183. EXTENSION OF CREDIT FOR 2-WHEELED PLUG-IN**  
16                           **ELECTRIC VEHICLES.**

17          (a) IN GENERAL.—Section 30D(g)(3)(E) is amended  
18          by striking “acquired” and all that follows and inserting  
19          the following: “acquired—

20                           “(i) after December 31, 2011, and be-  
21                           fore January 1, 2014, or

22                           “(ii) in the case of a vehicle that has  
23                           2 wheels, after December 31, 2014, and  
24                           before January 1, 2017.”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to vehicles acquired after Decem-  
3 ber 31, 2014.

4 **SEC. 184. EXTENSION OF SECOND GENERATION BIOFUEL**  
5 **PRODUCER CREDIT.**

6 (a) IN GENERAL.—Section 40(b)(6)(J)(i) is amended  
7 by striking “January 1, 2015” and inserting “January 1,  
8 2017”.

9 (b) EFFECTIVE DATE.—The amendment made by  
10 this subsection shall apply to qualified second generation  
11 biofuel production after December 31, 2014.

12 **SEC. 185. EXTENSION OF BIODIESEL AND RENEWABLE DIE-**  
13 **SEL INCENTIVES.**

14 (a) INCOME TAX CREDIT.—

15 (1) IN GENERAL.—Subsection (g) of section  
16 40A is amended by striking “December 31, 2014”  
17 and inserting “December 31, 2016”.

18 (2) EFFECTIVE DATE.—The amendment made  
19 by this subsection shall apply to fuel sold or used  
20 after December 31, 2014.

21 (b) EXCISE TAX INCENTIVES.—

22 (1) IN GENERAL.—Section 6426(c)(6) is  
23 amended by striking “December 31, 2014” and in-  
24 serting “December 31, 2016”.

1           (2) PAYMENTS.—Section 6427(e)(6)(B) is  
2 amended by striking “December 31, 2014” and in-  
3 sserting “December 31, 2016”.

4           (3) EFFECTIVE DATE.—The amendments made  
5 by this subsection shall apply to fuel sold or used  
6 after December 31, 2014.

7           (4) SPECIAL RULE FOR 2015.—Notwithstanding  
8 any other provision of law, in the case of any bio-  
9 diesel mixture credit properly determined under sec-  
10 tion 6426(c) of the Internal Revenue Code of 1986  
11 for the period beginning on January 1, 2015, and  
12 ending on December 31, 2015, such credit shall be  
13 allowed, and any refund or payment attributable to  
14 such credit (including any payment under section  
15 6427(e) of such Code) shall be made, only in such  
16 manner as the Secretary of the Treasury (or the  
17 Secretary’s delegate) shall provide. Such Secretary  
18 shall issue guidance within 30 days after the date of  
19 the enactment of this Act providing for a one-time  
20 submission of claims covering periods described in  
21 the preceding sentence. Such guidance shall provide  
22 for a 180-day period for the submission of such  
23 claims (in such manner as prescribed by such Sec-  
24 retary) to begin not later than 30 days after such  
25 guidance is issued. Such claims shall be paid by such

1 Secretary not later than 60 days after receipt. If  
2 such Secretary has not paid pursuant to a claim  
3 filed under this subsection within 60 days after the  
4 date of the filing of such claim, the claim shall be  
5 paid with interest from such date determined by  
6 using the overpayment rate and method under sec-  
7 tion 6621 of such Code.

8 **SEC. 186. EXTENSION AND MODIFICATION OF PRODUCTION**

9 **CREDIT FOR INDIAN COAL FACILITIES.**

10 (a) **IN GENERAL.**—Section 45(e)(10)(A) is amended  
11 by striking “9-year period” each place it appears and in-  
12 serting “11-year period”.

13 (b) **REPEAL OF LIMITATION BASED ON DATE FACIL-**  
14 **ITY IS PLACED IN SERVICE.**—Section 45(d)(10) is amend-  
15 ed to read as follows:

16 “(10) **INDIAN COAL PRODUCTION FACILITY.**—  
17 The term ‘Indian coal production facility’ means a  
18 facility that produces Indian coal.”.

19 (c) **TREATMENT OF SALES TO RELATED PARTIES.**—  
20 Section 45(e)(10)(A)(ii)(I) is amended by inserting “(ei-  
21 ther directly by the taxpayer or after sale or transfer to  
22 one or more related persons)” after “unrelated person”.

23 (d) **CREDIT ALLOWED AGAINST ALTERNATIVE MIN-**  
24 **IMUM TAX.**—



1           (1) IN GENERAL.—Section 38(c)(4)(B), as  
2           amended by the preceding provisions of this Act, is  
3           amended by redesignating clauses (v) through (x) as  
4           clauses (vi) through (xi), respectively, and by insert-  
5           ing after clause (iv) the following new clause:

6                       “(v) the credit determined under sec-  
7                       tion 45 to the extent that such credit is at-  
8                       tributable to section 45(e)(10) (relating to  
9                       Indian coal production facilities),”.

10           (2) CONFORMING AMENDMENT.—Section  
11           45(e)(10) is amended by striking subparagraph (D).

12           (e) EFFECTIVE DATES.—

13                       (1) EXTENSION.—The amendments made by  
14                       subsection (a) shall apply to coal produced after De-  
15                       cember 31, 2014.

16                       (2) MODIFICATIONS.—The amendments made  
17                       by subsections (b) and (c) shall apply to coal pro-  
18                       duced and sold after December 31, 2015, in taxable  
19                       years ending after such date.

20                       (3) CREDIT ALLOWED AGAINST ALTERNATIVE  
21                       MINIMUM TAX.—The amendments made by sub-  
22                       section (d) shall apply to credits determined for tax-  
23                       able years beginning after December 31, 2015.

1 **SEC. 187. EXTENSION OF CREDITS WITH RESPECT TO FA-**  
2 **CILITIES PRODUCING ENERGY FROM CER-**  
3 **TAIN RENEWABLE RESOURCES.**

4 (a) IN GENERAL.—The following provisions of sec-  
5 tion 45(d) are each amended by striking “January 1,  
6 2015” each place it appears and inserting “January 1,  
7 2017”:

8 (1) Paragraph (2)(A).

9 (2) Paragraph (3)(A).

10 (3) Paragraph (4)(B).

11 (4) Paragraph (6).

12 (5) Paragraph (7).

13 (6) Paragraph (9).

14 (7) Paragraph (11)(B).

15 (b) EXTENSION OF ELECTION TO TREAT QUALIFIED  
16 FACILITIES AS ENERGY PROPERTY.—Section  
17 48(a)(5)(C)(ii) is amended by striking “January 1, 2015”  
18 and inserting “January 1, 2017”.

19 (c) EFFECTIVE DATES.—The amendments made by  
20 this section shall take effect on January 1, 2015.

21 **SEC. 188. EXTENSION OF CREDIT FOR ENERGY-EFFICIENT**  
22 **NEW HOMES.**

23 (a) IN GENERAL.—Section 45L(g) is amended by  
24 striking “December 31, 2014” and inserting “December  
25 31, 2016”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to homes acquired after December  
3 31, 2014.

4 **SEC. 189. EXTENSION OF SPECIAL ALLOWANCE FOR SEC-**  
5 **OND GENERATION BIOFUEL PLANT PROP-**  
6 **ERTY.**

7 (a) IN GENERAL.—Section 168(l)(2)(D) is amended  
8 by striking “January 1, 2015” and inserting “January 1,  
9 2017”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to property placed in service after  
12 December 31, 2014.

13 **SEC. 190. EXTENSION OF ENERGY EFFICIENT COMMERCIAL**  
14 **BUILDINGS DEDUCTION.**

15 (a) IN GENERAL.—Section 179D(h) is amended by  
16 striking “December 31, 2014” and inserting “December  
17 31, 2016”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 subsection (a) shall apply to property placed in service  
20 after December 31, 2014.

1 **SEC. 191. EXTENSION OF SPECIAL RULE FOR SALES OR DIS-**  
2 **POSITIONS TO IMPLEMENT FERC OR STATE**  
3 **ELECTRIC RESTRUCTURING POLICY FOR**  
4 **QUALIFIED ELECTRIC UTILITIES.**

5 (a) IN GENERAL.—Section 451(i)(3) is amended by  
6 striking “January 1, 2015” and inserting “January 1,  
7 2017”.

8 (b) EFFECTIVE DATE.—The amendment made by  
9 this section shall apply to dispositions after December 31,  
10 2014.

11 **SEC. 192. EXTENSION OF EXCISE TAX CREDITS RELATING**  
12 **TO ALTERNATIVE FUELS.**

13 (a) EXTENSION OF ALTERNATIVE FUELS EXCISE  
14 TAX CREDITS.—

15 (1) IN GENERAL.—Sections 6426(d)(5) and  
16 6426(e)(3) are each amended by striking “December  
17 31, 2014” and inserting “December 31, 2016”.

18 (2) OUTLAY PAYMENTS FOR ALTERNATIVE  
19 FUELS.—Section 6427(e)(6)(C) is amended by strik-  
20 ing “December 31, 2014” and inserting “December  
21 31, 2016”.

22 (b) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to fuel sold or used after December  
24 31, 2014.

25 (c) SPECIAL RULE FOR 2015.—Notwithstanding any  
26 other provision of law, in the case of any alternative fuel

1 credit properly determined under section 6426(d) of the  
2 Internal Revenue Code of 1986 for the period beginning  
3 on January 1, 2015, and ending on December 31, 2015,  
4 such credit shall be allowed, and any refund or payment  
5 attributable to such credit (including any payment under  
6 section 6427(e) of such Code) shall be made, only in such  
7 manner as the Secretary of the Treasury (or the Sec-  
8 retary's delegate) shall provide. Such Secretary shall issue  
9 guidance within 30 days after the date of the enactment  
10 of this Act providing for a one-time submission of claims  
11 covering periods described in the preceding sentence. Such  
12 guidance shall provide for a 180-day period for the sub-  
13 mission of such claims (in such manner as prescribed by  
14 such Secretary) to begin not later than 30 days after such  
15 guidance is issued. Such claims shall be paid by such Sec-  
16 retary not later than 60 days after receipt. If such Sec-  
17 retary has not paid pursuant to a claim filed under this  
18 subsection within 60 days after the date of the filing of  
19 such claim, the claim shall be paid with interest from such  
20 date determined by using the overpayment rate and meth-  
21 od under section 6621 of such Code.

1 **SEC. 193. EXTENSION OF CREDIT FOR NEW QUALIFIED**  
2 **FUEL CELL MOTOR VEHICLES.**

3 (a) IN GENERAL.—Section 30B(k)(1) is amended by  
4 striking “December 31, 2014” and inserting “December  
5 31, 2016”.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 this section shall apply to property purchased after De-  
8 cember 31, 2014.

9 **TITLE II—PROGRAM INTEGRITY**

10 **SEC. 201. MODIFICATION OF FILING DATES OF RETURNS**  
11 **AND STATEMENTS RELATING TO EMPLOYEE**  
12 **WAGE INFORMATION AND NONEMPLOYEE**  
13 **COMPENSATION TO IMPROVE COMPLIANCE.**

14 (a) IN GENERAL.—Section 6071 is amended by re-  
15 designating subsection (c) as subsection (d), and by insert-  
16 ing after subsection (b) the following new subsection:

17 “(c) RETURNS AND STATEMENTS RELATING TO EM-  
18 PLOYEE WAGE INFORMATION AND NONEMPLOYEE COM-  
19 PENSATION.—Forms W-2 and W-3 and any returns or  
20 statements required by the Secretary to report non-  
21 employee compensation shall be filed on or before January  
22 31 of the year following the calendar year to which such  
23 returns relate.”.

24 (b) DATE FOR CERTAIN REFUNDS.—Section 6402 is  
25 amended by adding at the end the following new sub-  
26 section:

1           “(m) EARLIEST DATE FOR CERTAIN REFUNDS.—No  
2 credit or refund of an overpayment for a taxable year shall  
3 be made to a taxpayer before the 15th day of the second  
4 month following the close of such taxable year if a credit  
5 is allowed to such taxpayer under section 24 (by reason  
6 of subsection (d) thereof) or 32 for such taxable year.”.

7           (c) CONFORMING AMENDMENT.—Section 6071(b) is  
8 amended by striking “subparts B and C of part III of  
9 this subchapter” and inserting “subpart B of part III of  
10 this subchapter (other than returns and statements re-  
11 quired to be filed with respect to nonemployee compensa-  
12 tion)”.

13           (d) EFFECTIVE DATES.—

14                 (1) IN GENERAL.—Except as provided in para-  
15 graph (2), the amendments made by this section  
16 shall apply to returns and statements relating to cal-  
17 endar years beginning after the date of the enact-  
18 ment of this Act.

19                 (2) DATE FOR CERTAIN REFUNDS.—The  
20 amendment made by subsection (b) shall apply to  
21 credits or refunds made after December 31, 2016.

1 **SEC. 202. SAFE HARBOR FOR DE MINIMIS ERRORS ON IN-**  
2 **FORMATION RETURNS AND PAYEE STATE-**  
3 **MENTS.**

4 (a) IN GENERAL.—Section 6721(e) is amended by  
5 adding at the end the following new paragraph:

6 “(3) SAFE HARBOR FOR CERTAIN DE MINIMIS  
7 ERRORS.—

8 “(A) IN GENERAL.—If, with respect to an  
9 information return filed with the Secretary—

10 “(i) there are 1 or more failures de-  
11 scribed in subsection (a)(2)(B) relating to  
12 an incorrect dollar amount,

13 “(ii) no single amount in error differs  
14 from the correct amount by more than  
15 \$100, and

16 “(iii) no single amount reported for  
17 tax withheld on any information return dif-  
18 fers from the correct amount by more than  
19 \$25,

20 then no correction shall be required and, for  
21 purposes of this section, such return shall be  
22 treated as having been filed with all of the cor-  
23 rect required information.

24 “(B) EXCEPTION.—Subparagraph (A)  
25 shall not apply with respect to any incorrect  
26 dollar amount to the extent that such error re-



1           lates to an amount with respect to which an  
2           election is made under section 6722(c)(3)(B).

3           “(C) REGULATORY AUTHORITY.—The Sec-  
4           retary may issue regulations to prevent the  
5           abuse of the safe harbor under this paragraph,  
6           including regulations providing that this para-  
7           graph shall not apply to the extent necessary to  
8           prevent any such abuse.”.

9           (b) FAILURE TO FURNISH CORRECT PAYEE STATE-  
10          MENT.—Section 6722(c) is amended by adding at the end  
11          the following new paragraph:

12           “(3) SAFE HARBOR FOR CERTAIN DE MINIMIS  
13          ERRORS.—

14           “(A) IN GENERAL.—If, with respect to any  
15          payee statement—

16           “(i) there are 1 or more failures de-  
17          scribed in subsection (a)(2)(B) relating to  
18          an incorrect dollar amount,

19           “(ii) no single amount in error differs  
20          from the correct amount by more than  
21          \$100, and

22           “(iii) no single amount reported for  
23          tax withheld on any information return dif-  
24          fers from the correct amount by more than  
25          \$25,

1           then no correction shall be required and, for  
2           purposes of this section, such statement shall be  
3           treated as having been filed with all of the cor-  
4           rect required information.

5           “(B) EXCEPTION.—Subparagraph (A)  
6           shall not apply to any payee statement if the  
7           person to whom such statement is required to  
8           be furnished makes an election (at such time  
9           and in such manner as the Secretary may pre-  
10          scribe) that subparagraph (A) not apply with  
11          respect to such statement.

12          “(C) REGULATORY AUTHORITY.—The Sec-  
13          retary may issue regulations to prevent the  
14          abuse of the safe harbor under this paragraph,  
15          including regulations providing that this para-  
16          graph shall not apply to the extent necessary to  
17          prevent any such abuse.”.

18          (c) APPLICATION TO BROKER REPORTING OF  
19          BASIS.—Section 6045(g)(2)(B) is amended by adding at  
20          the end the following new clause:

21                  “(iii) TREATMENT OF UNCORRECTED  
22                  DE MINIMIS ERRORS.—Except as otherwise  
23                  provided by the Secretary, the customer’s  
24                  adjusted basis shall be determined by  
25                  treating any incorrect dollar amount which

1 is not required to be corrected by reason of  
2 section 6721(c)(3) or section 6722(c)(3) as  
3 the correct amount.”.

4 (d) CONFORMING AMENDMENTS.—

5 (1) Section 6721(c) is amended by striking  
6 “EXCEPTION FOR DE MINIMIS FAILURES TO IN-  
7 CLUDE ALL REQUIRED INFORMATION” in the head-  
8 ing and inserting “EXCEPTIONS FOR CERTAIN DE  
9 MINIMIS FAILURES”.

10 (2) Section 6721(c)(1) is amended by striking  
11 “IN GENERAL” in the heading and inserting “EX-  
12 CEPTION FOR DE MINIMIS FAILURE TO INCLUDE ALL  
13 REQUIRED INFORMATION”.

14 (e) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to returns required to be filed, and  
16 payee statements required to be provided, after December  
17 31, 2016.

18 **SEC. 203. REQUIREMENTS FOR THE ISSUANCE OF ITINS.**

19 (a) IN GENERAL.—Section 6109 is amended by add-  
20 ing at the end the following new subsection:

21 “(i) SPECIAL RULES RELATING TO THE ISSUANCE  
22 OF ITINS.—

23 “(1) IN GENERAL.—The Secretary is authorized  
24 to issue an individual taxpayer identification number  
25 to an individual only if the applicant submits an ap-

1       plication, using such form as the Secretary may re-  
2       quire and including the required documentation—

3               “(A) in the case of an applicant not de-  
4       scribed in subparagraph (B)—

5                       “(i) in person to an employee of the  
6       Internal Revenue Service or a community-  
7       based certified acceptance agent approved  
8       by the Secretary, or

9                       “(ii) by mail, pursuant to rules pre-  
10      scribed by the Secretary, or

11               “(B) in the case of an applicant who re-  
12      sides outside of the United States, by mail or  
13      in person to an employee of the Internal Rev-  
14      enue Service or a designee of the Secretary at  
15      a United States diplomatic mission or consular  
16      post.

17               “(2) REQUIRED DOCUMENTATION.—For pur-  
18      poses of this subsection—

19                       “(A) IN GENERAL.—The term ‘required  
20      documentation’ includes such documentation as  
21      the Secretary may require that proves the indi-  
22      vidual’s identity, foreign status, and residency.

23                       “(B) VALIDITY OF DOCUMENTS.—The Sec-  
24      retary may accept only original documents or

1 certified copies meeting the requirements of the  
2 Secretary.

3 “(3) TERM OF ITIN.—

4 “(A) IN GENERAL.—An individual tax-  
5 payer identification number issued after Decem-  
6 ber 31, 2012, shall remain in effect unless the  
7 individual to whom such number is issued does  
8 not file a return of tax (or is not included as  
9 a dependent on the return of tax of another  
10 taxpayer) for 3 consecutive taxable years. In  
11 the case of an individual described in the pre-  
12 ceding sentence, such number shall expire on  
13 the last day of such third consecutive taxable  
14 year.

15 “(B) SPECIAL RULE FOR EXISTING  
16 ITINS.—In the case of an individual with re-  
17 spect to whom an individual taxpayer identifica-  
18 tion number was issued before January 1,  
19 2013, such number shall remain in effect until  
20 the earlier of—

21 “(i) the applicable date, or

22 “(ii) if the individual does not file a  
23 return of tax (or is not included as a de-  
24 pendent on the return of tax of another

1 taxpayer) for 3 consecutive taxable years,  
2 the earlier of—

3 “(I) the last day of such third  
4 consecutive taxable year, or

5 “(II) the last day of the taxable  
6 year that includes the date of the en-  
7 actment of this subsection.

8 “(C) APPLICABLE DATE.—For purposes of  
9 subparagraph (B), the term ‘applicable date’  
10 means—

11 “(i) January 1, 2017, in the case of  
12 an individual taxpayer identification num-  
13 ber issued before January 1, 2008,

14 “(ii) January 1, 2018, in the case of  
15 an individual taxpayer identification num-  
16 ber issued in 2008,

17 “(iii) January 1, 2019, in the case of  
18 an individual taxpayer identification num-  
19 ber issued in 2009 or 2010, and

20 “(iv) January 1, 2020, in the case of  
21 an individual taxpayer identification num-  
22 ber issued in 2011 or 2012.

23 “(4) DISTINGUISHING ITINS ISSUED SOLELY  
24 FOR PURPOSES OF TREATY BENEFITS.—The Sec-  
25 retary shall implement a system that ensures that

1 individual taxpayer identification numbers issued  
2 solely for purposes of claiming tax treaty benefits  
3 are used only for such purposes, by distinguishing  
4 such numbers from other individual taxpayer identi-  
5 fication numbers issued.”.

6 (b) **AUDIT BY TIGTA.**—Not later than 2 years after  
7 the date of the enactment of this Act, and every 2 years  
8 thereafter, the Treasury Inspector General for Tax Ad-  
9 ministration shall conduct an audit of the program of the  
10 Internal Revenue Service for the issuance of individual  
11 taxpayer identification numbers pursuant to section  
12 6109(i) of the Internal Revenue Code of 1986 (as added  
13 by this section) and report the results of such audit to  
14 the Committee on Finance of the Senate and the Com-  
15 mittee on the Ways and Means of the House of Represent-  
16 atives.

17 (c) **COMMUNITY-BASED CERTIFIED ACCEPTANCE**  
18 **AGENTS.**—The Secretary of the Treasury, or the Sec-  
19 retary’s delegate, shall maintain a program for training  
20 and approving community-based certified acceptance  
21 agents for purposes of section 6109(i)(1)(A)(i) of the In-  
22 ternal Revenue Code of 1986 (as added by this section).  
23 Persons eligible to be acceptance agents under such pro-  
24 gram include—

1           (1) financial institutions (as defined in section  
2           265(b)(5) of such Code and the regulations there-  
3           under),

4           (2) colleges and universities which are described  
5           in section 501(c)(3) of such Code and exempt from  
6           taxation under section 501(a) of such Code,

7           (3) Federal agencies (as defined in section  
8           6402(h) of such Code),

9           (4) State and local governments, including  
10          agencies responsible for vital records,

11          (5) community-based organizations which are  
12          described in subsection (c)(3) or (d) of section 501  
13          of such Code and exempt from taxation under sec-  
14          tion 501(a) of such Code,

15          (6) persons that provide assistance to taxpayers  
16          in the preparation of their tax returns, and

17          (7) other persons or categories of persons as  
18          authorized by regulations or other guidance of the  
19          Secretary of the Treasury.

20          (d) ITIN STUDY.—

21           (1) IN GENERAL.—The Secretary of the Treas-  
22           ury, or the Secretary's delegate, shall conduct a  
23           study on the effectiveness of the application process  
24           for individual taxpayer identification numbers before  
25           the implementation of the amendments made by this



1 section, the effects of the amendments made by this  
2 section on such application process, the comparative  
3 effectiveness of an in-person review process for ap-  
4 plication versus other methods of reducing fraud in  
5 the ITIN program and improper payments to ITIN  
6 holders as a result, and possible administrative and  
7 legislative recommendations to improve such process.

8 (2) SPECIFIC REQUIREMENTS.—Such study  
9 shall include an evaluation of the following:

10 (A) Possible administrative and legislative  
11 recommendations to reduce fraud and improper  
12 payments through the use of individual tax-  
13 payer identification numbers (hereinafter re-  
14 ferred to as “ITINs”).

15 (B) If data supports an in-person initial  
16 review of ITIN applications to reduce fraud and  
17 improper payments, the administrative and leg-  
18 islative steps needed to implement such an in-  
19 person initial review of ITIN applications, in  
20 conjunction with an expansion of the commu-  
21 nity-based certified acceptance agent program  
22 under subsection (c), with a goal of  
23 transitioning to such a program by 2020.

24 (C) Strategies for more efficient processing  
25 of ITIN applications.

1           (D) The acceptance agent program as in  
2           existence on the date of the enactment of this  
3           Act and ways to expand the geographic avail-  
4           ability of agents through the community-based  
5           certified acceptance agent program under sub-  
6           section (c).

7           (E) Strategies for the Internal Revenue  
8           Service to work with other Federal agencies,  
9           State and local governments, and other organi-  
10          zations and persons described in subsection (c)  
11          to encourage participation in the community-  
12          based certified acceptance agent program under  
13          subsection (c) to facilitate in-person initial re-  
14          view of ITIN applications.

15          (F) Typical characteristics (derived from  
16          Form W-7 and other sources) of mail applica-  
17          tions for ITINs as compared with typical char-  
18          acteristics of in-person applications.

19          (G) Typical characteristics (derived from  
20          17 Form W-7 and other sources) of ITIN ap-  
21          plications before the Internal Revenue Service  
22          revised its application procedures in 2012 as  
23          compared with typical characteristics of ITIN  
24          applications made after such revisions went into  
25          effect.

1           (3) REPORT.—The Secretary, or the Secretary’s  
2           delegate, shall submit to the Committee on Finance  
3           of the Senate and the Committee on Ways and  
4           Means of the House of Representatives a report de-  
5           tailing the study under paragraph (1) and its find-  
6           ings not later than 1 year after the date of the en-  
7           actment of this Act.

8           (4) ADMINISTRATIVE STEPS.—The Secretary of  
9           the Treasury shall implement any administrative  
10          steps identified by the report under paragraph (3)  
11          not later than 180 days after submitting such re-  
12          port.

13          (e) MATHEMATICAL OR CLERICAL ERROR AUTHOR-  
14          ITY.—Paragraph (2) of section 6213(g) of the Internal  
15          Revenue Code of 1986 is amended by striking “and” at  
16          the end of subparagraph (M), by striking the period at  
17          the end of subparagraph (N) and inserting “, and”, and  
18          by inserting after subparagraph (N) the following new  
19          subparagraph:

20                         “(O) the inclusion on a return of an indi-  
21                         vidual taxpayer identification number issued  
22                         under section 6109(i) which has expired, been  
23                         revoked by the Secretary, or is otherwise in-  
24                         valid.”.

1 (f) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to applications for individual tax-  
3 payer identification numbers made after the date of the  
4 enactment of this Act.

5 **SEC. 204. PREVENTION OF RETROACTIVE CLAIMS OF**  
6 **EARNED INCOME CREDIT AFTER ISSUANCE**  
7 **OF SOCIAL SECURITY NUMBER.**

8 (a) IN GENERAL.—Section 32(m) is amended by in-  
9 serting “on or before the due date for filing the return  
10 for the taxable year” before the period at the end.

11 (b) EFFECTIVE DATE.—

12 (1) IN GENERAL.—Except as provided in para-  
13 graph (2), the amendment made by this section shall  
14 apply to any return of tax, and any amendment or  
15 supplement to any return of tax, which is filed after  
16 the date of the enactment of this Act.

17 (2) EXCEPTION FOR TIMELY-FILED 2015 RE-  
18 TURNS.—The amendment made by this section shall  
19 not apply to any return of tax (other than an  
20 amendment or supplement to any return of tax) for  
21 any taxable year which includes the date of the en-  
22 actment of this Act if such return is filed on or be-  
23 fore the due date for such return of tax.

1 **SEC. 205. PREVENTION OF RETROACTIVE CLAIMS OF CHILD**  
2 **TAX CREDIT.**

3 (a) **QUALIFYING CHILD IDENTIFICATION REQUIRE-**  
4 **MENT.**—Section 24(e) is amended by inserting “and such  
5 taxpayer identification number was issued on or before the  
6 due date for filing such return” before the period at the  
7 end.

8 (b) **TAXPAYER IDENTIFICATION REQUIREMENT.**—  
9 Section 24(e), as amended by subsection (a) is amended—

10 (1) by striking “**IDENTIFICATION REQUIRE-**  
11 **MENT.**—No credit shall be allowed” and inserting  
12 the following: “**IDENTIFICATION REQUIREMENTS.**—

13 “(1) **QUALIFYING CHILD IDENTIFICATION RE-**  
14 **QUIREMENT.**—No credit shall be allowed”, and

15 (2) by adding at the end the following new  
16 paragraph:

17 “(2) **TAXPAYER IDENTIFICATION REQUIRE-**  
18 **MENT.**—No credit shall be allowed under this section  
19 if the identifying number of the taxpayer was issued  
20 after the due date for filing the return for the tax-  
21 able year.”.

22 (c) **EFFECTIVE DATE.**—

23 (1) **IN GENERAL.**—The amendments made by  
24 this section shall apply to any return of tax, and any  
25 amendment or supplement to any return of tax,

1 which is filed after the date of the enactment of this  
2 Act.

3 (2) EXCEPTION FOR TIMELY-FILED 2015 RE-  
4 TURNS.—The amendments made by this section  
5 shall not apply to any return of tax (other than an  
6 amendment or supplement to any return of tax) for  
7 any taxable year which includes the date of the en-  
8 actment of this Act if such return is filed on or be-  
9 fore the due date for such return of tax.

10 **SEC. 206. PREVENTION OF RETROACTIVE CLAIMS OF AMER-**  
11 **ICAN OPPORTUNITY TAX CREDIT.**

12 (a) IN GENERAL.—Section 25A(i) is amended—

13 (1) by striking paragraph (6), and

14 (2) by inserting after paragraph (5) the fol-  
15 lowing new paragraph:

16 “(6) IDENTIFICATION NUMBERS.—

17 “(A) STUDENT.—The requirements of sub-  
18 section (g)(1) shall not be treated as met with  
19 respect to the Hope Scholarship Credit unless  
20 the individual’s taxpayer identification number  
21 was issued on or before the due date for filing  
22 the return of tax for the taxable year.

23 “(B) TAXPAYER.—No Hope Scholarship  
24 Credit shall be allowed under this section if the  
25 identifying number of the taxpayer was issued

1           after the due date for filing the return for the  
2           taxable year.”.

3           (b) EFFECTIVE DATES.—

4           (1) IN GENERAL.—Except as provided in para-  
5           graph (2), the amendment made by subsection  
6           (a)(2) shall apply to any return of tax, and any  
7           amendment or supplement to any return of tax,  
8           which is filed after the date of the enactment of this  
9           Act.

10          (2) EXCEPTION FOR TIMELY-FILED 2015 RE-  
11          TURNS.—The amendment made by subsection (a)(2)  
12          shall not apply to any return of tax (other than an  
13          amendment or supplement to any return of tax) for  
14          any taxable year which includes the date of the en-  
15          actment of this Act if such return is filed on or be-  
16          fore the due date for such return of tax.

17          (3) REPEAL OF DEADWOOD.—The amendment  
18          made by subsection (a)(1) shall take effect on the  
19          date of the enactment of this Act.

20       **SEC. 207. PROCEDURES TO REDUCE IMPROPER CLAIMS.**

21          (a) DUE DILIGENCE REQUIREMENTS.—Section  
22       6695(g) is amended—

23               (1) by striking “section 32” and inserting “sec-  
24       tion 24, 25A(a)(1), or 32”, and

1           (2) in the heading by inserting “CHILD TAX  
2 CREDIT; AMERICAN OPPORTUNITY TAX CREDIT;  
3 AND” before “EARNED INCOME CREDIT”.

4 (b) RETURN PREPARER DUE DILIGENCE STUDY.—

5           (1) IN GENERAL.—The Secretary of the Treas-  
6 ury, or his delegate, shall conduct a study of the ef-  
7 fectiveness of tax return preparer due diligence re-  
8 quirements for claiming the earned income tax credit  
9 under section 32 of the Internal Revenue Code of  
10 1986, the child tax credit under section 24 of such  
11 Code, and the American opportunity tax credit  
12 under section 25A(i) of such Code.

13           (2) REQUIREMENTS.—Such study shall include  
14 an evaluation of the following:

15           (A) The effectiveness of the questions cur-  
16 rently asked as part of the due-diligence re-  
17 quirement with respect to minimizing error and  
18 fraud.

19           (B) Whether all such questions are nec-  
20 essary and support improved compliance.

21           (C) The comparative effectiveness of such  
22 questions relative to other means of deter-  
23 mining (i) eligibility for these tax credits and  
24 (ii) the correct amount of tax credit.



1           (D) Whether due diligence of this type  
2           should apply to other methods of tax filing and  
3           whether such requirements should vary based  
4           on the methods to increase effectiveness.

5           (E) The effectiveness of the preparer pen-  
6           alty under section 6695(g) in enforcing the due  
7           diligence requirements.

8           (3) REPORT.—The Secretary, or his delegate,  
9           shall submit to the Committee on Ways and Means  
10          of the House of Representatives and the Committee  
11          on Finance of the Senate a report detailing the  
12          study and its findings—

13           (A) in the case of the portion of the study  
14           that relates to the earned income tax credit, not  
15           later than 1 year after the date of enactment of  
16           this Act, and

17           (B) in the case of the portions of the study  
18           that relate to the child tax credit and the Amer-  
19           ican opportunity tax credit, not later than 2  
20           years after the date of the enactment of this  
21           Act.

22          (c) EFFECTIVE DATE.—The amendment made by  
23          this section shall apply to taxable years beginning after  
24          December 31, 2015.

1 **SEC. 208. RESTRICTIONS ON TAXPAYERS WHO IMPROP-**  
2 **ERLY CLAIMED CREDITS IN PRIOR YEAR.**

3 (a) RESTRICTIONS.—

4 (1) CHILD TAX CREDIT.—Section 24 is amend-  
5 ed by adding at the end the following new sub-  
6 section:

7 “(g) RESTRICTIONS ON TAXPAYERS WHO IMPROP-  
8 ERLY CLAIMED CREDIT IN PRIOR YEAR.—

9 “(1) TAXPAYERS MAKING PRIOR FRAUDULENT  
10 OR RECKLESS CLAIMS.—

11 “(A) IN GENERAL.—No credit shall be al-  
12 lowed under this section for any taxable year in  
13 the disallowance period.

14 “(B) DISALLOWANCE PERIOD.—For pur-  
15 poses of subparagraph (A), the disallowance pe-  
16 riod is—

17 “(i) the period of 10 taxable years  
18 after the most recent taxable year for  
19 which there was a final determination that  
20 the taxpayer’s claim of credit under this  
21 section was due to fraud, and

22 “(ii) the period of 2 taxable years  
23 after the most recent taxable year for  
24 which there was a final determination that  
25 the taxpayer’s claim of credit under this  
26 section was due to reckless or intentional

1                   disregard of rules and regulations (but not  
2                   due to fraud).

3                   “(2) TAXPAYERS MAKING IMPROPER PRIOR  
4 CLAIMS.—In the case of a taxpayer who is denied  
5 credit under this section for any taxable year as a  
6 result of the deficiency procedures under subchapter  
7 B of chapter 63, no credit shall be allowed under  
8 this section for any subsequent taxable year unless  
9 the taxpayer provides such information as the Sec-  
10 retary may require to demonstrate eligibility for  
11 such credit.”.

12                   (2) AMERICAN OPPORTUNITY TAX CREDIT.—  
13 Section 25A(i), as amended by the preceding provi-  
14 sions of this Act, is amended by adding at the end  
15 the following new paragraph:

16                   “(7) RESTRICTIONS ON TAXPAYERS WHO IM-  
17 PROPERLY CLAIMED CREDIT IN PRIOR YEAR.—

18                   “(A) TAXPAYERS MAKING PRIOR FRAUDU-  
19 LENT OR RECKLESS CLAIMS.—

20                   “(i) IN GENERAL.—No credit shall be  
21 allowed under this section for any taxable  
22 year in the disallowance period.

23                   “(ii) DISALLOWANCE PERIOD.—For  
24 purposes of clause (i), the disallowance pe-  
25 riod is—

1                   “(I) the period of 10 taxable  
2                   years after the most recent taxable  
3                   year for which there was a final deter-  
4                   mination that the taxpayer’s claim of  
5                   credit under this section was due to  
6                   fraud, and

7                   “(II) the period of 2 taxable  
8                   years after the most recent taxable  
9                   year for which there was a final deter-  
10                  mination that the taxpayer’s claim of  
11                  credit under this section was due to  
12                  reckless or intentional disregard of  
13                  rules and regulations (but not due to  
14                  fraud).

15                  “(B) TAXPAYERS MAKING IMPROPER  
16                  PRIOR CLAIMS.—In the case of a taxpayer who  
17                  is denied credit under this section for any tax-  
18                  able year as a result of the deficiency proce-  
19                  dures under subchapter B of chapter 63, no  
20                  credit shall be allowed under this section for  
21                  any subsequent taxable year unless the taxpayer  
22                  provides such information as the Secretary may  
23                  require to demonstrate eligibility for such cred-  
24                  it.”.

25                  (b) MATH ERROR AUTHORITY.—

1           (1) EARNED INCOME TAX CREDIT.—Section  
2           6213(g)(2)(K) is amended by inserting before the  
3           comma at the end the following: “or an entry on the  
4           return claiming the credit under section 32 for a  
5           taxable year for which the credit is disallowed under  
6           subsection (k)(1) thereof”.

7           (2) AMERICAN OPPORTUNITY TAX CREDIT AND  
8           CHILD TAX CREDIT.—Section 6213(g)(2), as amend-  
9           ed by the preceding provisions of this Act, is amend-  
10          ed by striking “and” at the end of subparagraph  
11          (N), by striking the period at the end of subpara-  
12          graph (O), and by inserting after subparagraph (O)  
13          the following new subparagraphs:

14                 “(P) an omission of information required  
15                 by section 24(h)(2) or an entry on the return  
16                 claiming the credit under section 24 for a tax-  
17                 able year for which the credit is disallowed  
18                 under subsection (h)(1) thereof, and

19                 “(Q) an omission of information required  
20                 by section 25A(i)(8)(B) or an entry on the re-  
21                 turn claiming the credit determined under sec-  
22                 tion 25A(i) for a taxable year for which the  
23                 credit is disallowed under paragraph (8)(A)  
24                 thereof.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2015.

4 **SEC. 209. TREATMENT OF CREDITS FOR PURPOSES OF CER-**  
5 **TAIN PENALTIES.**

6 (a) APPLICATION OF UNDERPAYMENT PENALTIES.—  
7 Section 6664(a) is amended by adding at the end the fol-  
8 lowing: “A rule similar to the rule of section 6211(b)(4)  
9 shall apply for purposes of this subsection.”.

10 (b) PENALTY FOR ERRONEOUS CLAIM OF CREDIT  
11 MADE APPLICABLE TO EARNED INCOME CREDIT.—Sec-  
12 tion 6676(a) is amended by striking “(other than a claim  
13 for a refund or credit relating to the earned income credit  
14 under section 32)”.

15 (c) REASONABLE CAUSE EXCEPTION FOR ERRO-  
16 NEOUS CLAIM FOR REFUND OR CREDIT.—

17 (1) IN GENERAL.—Section 6676(a) is amended  
18 by striking “has a reasonable basis” and inserting  
19 “is due to reasonable cause”.

20 (2) NONECONOMIC SUBSTANCE TRANS-  
21 ACTIONS.—Section 6676(c) is amended by striking  
22 “having a reasonable basis” and inserting “due to  
23 reasonable cause”.

24 (d) EFFECTIVE DATES.—

1           (1) UNDERPAYMENT PENALTIES.—The amend-  
2           ment made by subsection (a) shall apply to—

3                   (A) returns filed after the date of the en-  
4                   actment of this Act, and

5                   (B) returns filed on or before such date if  
6                   the period specified in section 6501 of the In-  
7                   ternal Revenue Code of 1986 for assessment of  
8                   the taxes with respect to which such return re-  
9                   lates has not expired as of such date.

10           (2) PENALTY FOR ERRONEOUS CLAIM OF CRED-  
11           IT.—The amendment made by subsection (b) shall  
12           apply to claims filed after the date of the enactment  
13           of this Act.

14   **SEC. 210. INCREASE THE PENALTY APPLICABLE TO PAID**  
15                   **TAX PREPARERS WHO ENGAGE IN WILLFUL**  
16                   **OR RECKLESS CONDUCT.**

17           (a) IN GENERAL.—Section 6694(b)(1)(B) is amend-  
18           ed by striking “50 percent” and inserting “75 percent”.

19           (b) EFFECTIVE DATE.—The amendment made by  
20           this section shall apply to returns prepared for taxable  
21           years ending after the date of the enactment of this Act.

1 **SEC. 211. EMPLOYER IDENTIFICATION NUMBER REQUIRED**  
2 **FOR AMERICAN OPPORTUNITY TAX CREDIT.**

3 (a) **IN GENERAL.**—Section 25A(i)(6), as added by  
4 this Act, is amended by adding at the end the following  
5 new subparagraph:

6 “(C) **INSTITUTION.**—No Hope Scholarship  
7 Credit shall be allowed under this section unless  
8 the taxpayer includes the employer identifica-  
9 tion number of any institution to which quali-  
10 fied tuition and related expenses were paid with  
11 respect to the individual.”.

12 (b) **INFORMATION REPORTING.**—Section  
13 6050S(b)(2) is amended by striking “and” at the end of  
14 subparagraph (B), by redesignating subparagraph (C) as  
15 subparagraph (D), and by inserting after subparagraph  
16 (B) the following new subparagraph:

17 “(C) the employer identification number of  
18 the institution, and”.

19 (c) **EFFECTIVE DATE.**—

20 (1) **SUBSECTION (a).**—The amendments made  
21 by subsection (a) shall apply to taxable years begin-  
22 ning after December 31, 2015.

23 (2) **SUBSECTION (b).**—The amendments made  
24 by subsection (b) shall apply to expenses paid after  
25 December 31, 2015, for education furnished in aca-  
26 demic periods beginning after such date.



1 **SEC. 212. HIGHER EDUCATION INFORMATION REPORTING**  
2 **ONLY TO INCLUDE QUALIFIED TUITION AND**  
3 **RELATED EXPENSES ACTUALLY PAID.**

4 (a) IN GENERAL.—Section 6050S(b)(2)(B)(i) is  
5 amended by striking “or the aggregate amount billed”.

6 (b) EFFECTIVE DATE.—The amendments made by  
7 subsection (b) shall apply to expenses paid after December  
8 31, 2015, for education furnished in academic periods be-  
9 ginning after such date.

10 **TITLE III—MISCELLANEOUS**  
11 **PROVISIONS**

12 **Subtitle A—Family Tax Relief**

13 **SEC. 301. EXCLUSION FOR AMOUNTS RECEIVED UNDER**  
14 **THE WORK COLLEGES PROGRAM.**

15 (a) IN GENERAL.—Paragraph (2) of section 117(c)  
16 is amended by striking “or” at the end of subparagraph  
17 (A), by striking the period at the end of subparagraph  
18 (B) and inserting “, or”, and by adding at the end the  
19 following new subparagraph:

20 “(C) a comprehensive student work-learn-  
21 ing-service program (as defined in section  
22 448(e) of the Higher Education Act of 1965)  
23 operated by a work college (as defined in such  
24 section).”.

25 (b) EFFECTIVE DATE.—The amendments made by  
26 this section shall apply to amounts received in taxable

1 years beginning after the date of the enactment of this  
2 Act.

3 **SEC. 302. IMPROVEMENTS TO SECTION 529 ACCOUNTS.**

4 (a) **COMPUTER TECHNOLOGY AND EQUIPMENT PER-**  
5 **MANENTLY ALLOWED AS A QUALIFIED HIGHER EDU-**  
6 **CATION EXPENSE FOR SECTION 529 ACCOUNTS.—**

7 (1) **IN GENERAL.**—Section 529(e)(3)(A)(iii) is  
8 amended to read as follows:

9 “(iii) expenses for the purchase of  
10 computer or peripheral equipment (as de-  
11 fined in section 168(i)(2)(B)), computer  
12 software (as defined in section  
13 197(e)(3)(B)), or Internet access and re-  
14 lated services, if such equipment, software,  
15 or services are to be used primarily by the  
16 beneficiary during any of the years the  
17 beneficiary is enrolled at an eligible edu-  
18 cational institution.”.

19 (2) **EFFECTIVE DATE.**—The amendment made  
20 by this subsection shall apply to taxable years begin-  
21 ning after December 31, 2014.

22 (b) **ELIMINATION OF DISTRIBUTION AGGREGATION**  
23 **REQUIREMENTS.—**

24 (1) **IN GENERAL.**—Section 529(c)(3) is amend-  
25 ed by striking subparagraph (D).

1           (2) EFFECTIVE DATE.—The amendment made  
2           by this subsection shall apply to distributions after  
3           December 31, 2014.

4           (c) RECONTRIBUTION OF REFUNDED AMOUNTS.—

5           (1) IN GENERAL.—Section 529(c)(3), as  
6           amended by subsection (b), is amended by adding at  
7           the end the following new subparagraph:

8                   “(D) SPECIAL RULE FOR CONTRIBUTIONS  
9                   OF REFUNDED AMOUNTS.—In the case of a  
10                  beneficiary who receives a refund of any quali-  
11                  fied higher education expenses from an eligible  
12                  educational institution, subparagraph (A) shall  
13                  not apply to that portion of any distribution for  
14                  the taxable year which is recontributed to a  
15                  qualified tuition program of which such indi-  
16                  vidual is a beneficiary, but only to the extent  
17                  such recontribution is made not later than 60  
18                  days after the date of such refund and does not  
19                  exceed the refunded amount.”.

20          (2) EFFECTIVE DATE.—

21           (A) IN GENERAL.—The amendment made  
22           by this subsection shall apply with respect to  
23           refunds of qualified higher education expenses  
24           after December 31, 2014.

1 (B) TRANSITION RULE.—In the case of a  
2 refund of qualified higher education expenses  
3 received after December 31, 2014, and before  
4 the date of the enactment of this Act, section  
5 529(c)(3)(D) of the Internal Revenue Code of  
6 1986 (as added by this subsection) shall be ap-  
7 plied by substituting “not later than 60 days  
8 after the date of the enactment of this subpara-  
9 graph” for “not later than 60 days after the  
10 date of such refund”.

11 **SEC. 303. ELIMINATION OF RESIDENCY REQUIREMENT FOR**  
12 **QUALIFIED ABLE PROGRAMS.**

13 (a) IN GENERAL.—Section 529A(b)(1) is amended by  
14 striking subparagraph (C), by inserting “and” at the end  
15 of subparagraph (B), and by redesignating subparagraph  
16 (D) as subparagraph (C).

17 (b) CONFORMING AMENDMENTS.—

18 (1) The second sentence of section 529A(d)(3)  
19 is amended by striking “and State of residence”.

20 (2) Section 529A(e) is amended by striking  
21 paragraph (7).

22 (c) TECHNICAL AMENDMENTS.—

23 (1) Section 529A(d)(4) is amended by striking  
24 “section 4” and inserting “section 103”.



1           “(2) who served all or part of a sentence of im-  
2           prisonment relating to that covered offense, and

3           “(3)(A) who was pardoned, granted clemency,  
4           or granted amnesty for that covered offense because  
5           that individual was innocent of that covered offense,  
6           or

7           “(B)(i) for whom the judgment of conviction for  
8           that covered offense was reversed or vacated, and

9           “(ii) for whom the indictment, information, or  
10          other accusatory instrument for that covered offense  
11          was dismissed or who was found not guilty at a new  
12          trial after the judgment of conviction for that cov-  
13          ered offense was reversed or vacated.

14          “(c) COVERED OFFENSE.—For purposes of this sec-  
15          tion, the term ‘covered offense’ means any criminal offense  
16          under Federal or State law, and includes any criminal of-  
17          fense arising from the same course of conduct as that  
18          criminal offense.”.

19          (b) CONFORMING AMENDMENT.—The table of sec-  
20          tions for part III of subchapter B of chapter 1 is amended  
21          by inserting after the item relating to section 139E the  
22          following new item:

          “Sec. 139F. Certain amounts received by wrongfully incarcerated individuals.”.

23          (c) EFFECTIVE DATE.—The amendments made by  
24          this section shall apply to taxable years beginning before,  
25          on, or after the date of the enactment of this Act.

1 (d) WAIVER OF LIMITATIONS.—If the credit or re-  
2 fund of any overpayment of tax resulting from the applica-  
3 tion of this Act to a period before the date of enactment  
4 of this Act is prevented as of such date by the operation  
5 of any law or rule of law (including res judicata), such  
6 credit or refund may nevertheless be allowed or made if  
7 the claim therefor is filed before the close of the 1-year  
8 period beginning on the date of the enactment of this Act.

9 **SEC. 305. CLARIFICATION OF SPECIAL RULE FOR CERTAIN**  
10 **GOVERNMENTAL PLANS.**

11 (a) IN GENERAL.—Paragraph (1) of section 105(j)  
12 is amended—

13 (1) by striking “the taxpayer” and inserting “a  
14 qualified taxpayer”, and

15 (2) by striking “deceased plan participant’s  
16 beneficiary” and inserting “deceased employee’s ben-  
17 eficiary (other than an individual described in para-  
18 graph (3)(B))”.

19 (b) QUALIFIED TAXPAYER.—Subsection (j) of section  
20 105 is amended by adding at the end the following new  
21 paragraph:

22 “(3) QUALIFIED TAXPAYER.—For purposes of  
23 paragraph (1), with respect to an accident or health  
24 plan described in paragraph (2), the term ‘qualified  
25 taxpayer’ means a taxpayer who is—

1 “(A) an employee, or

2 “(B) the spouse, dependent (as defined for  
3 purposes of subsection (b)), or child (as defined  
4 for purposes of such subsection) of an em-  
5 ployee.”.

6 (c) APPLICATION TO POLITICAL SUBDIVISIONS OF  
7 STATES.—Paragraph (2) of section 105(j) is amended—

8 (1) by inserting “or established by or on behalf  
9 of a State or political subdivision thereof” after  
10 “public retirement system”, and

11 (2) by inserting “or 501(e)(9)” after “section  
12 115” in subparagraph (B).

13 (d) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to payments after the date of the  
15 enactment of this Act.

16 **SEC. 306. ROLLOVERS PERMITTED FROM OTHER RETIRE-**  
17 **MENT PLANS INTO SIMPLE RETIREMENT AC-**  
18 **COUNTS.**

19 (a) IN GENERAL.—Section 408(p)(1)(B) is amended  
20 by inserting “except in the case of a rollover contribution  
21 described in subsection (d)(3)(G) or a rollover contribution  
22 otherwise described in subsection (d)(3) or in section  
23 402(e), 403(a)(4), 403(b)(8), or 457(e)(16), which is  
24 made after the 2-year period described in section



1 72(t)(6),” before “with respect to which the only contribu-  
2 tions allowed”.

3 (b) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to contributions made after the  
5 date of the enactment of this Act.

6 **SEC. 307. TECHNICAL AMENDMENT RELATING TO ROLL-**  
7 **OVER OF CERTAIN AIRLINE PAYMENT**  
8 **AMOUNTS.**

9 (a) IN GENERAL.—Section 1106(a) of the FAA Mod-  
10 ernization and Reform Act of 2012 (26 U.S.C. 408 note)  
11 is amended by adding at the end the following new para-  
12 graph:

13 “(6) SPECIAL RULE FOR CERTAIN AIRLINE PAY-  
14 MENT AMOUNTS.—In the case of any amount which  
15 became an airline payment amount by reason of the  
16 amendments made by section 1(b) of Public Law  
17 113–243 (26 U.S.C. 408 note), paragraph (1) shall  
18 be applied by substituting ‘(or, if later, within the  
19 period beginning on December 18, 2014, and ending  
20 on the date which is 180 days after the date of en-  
21 actment of the Protecting Americans from Tax  
22 Hikes Act of 2015)’ for ‘(or, if later, within 180  
23 days of the date of the enactment of this Act)’.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall take effect as if included in Public Law  
3 113–243 (26 U.S.C. 408 note).

4 **SEC. 308. TREATMENT OF EARLY RETIREMENT DISTRIBUTIONS FOR NUCLEAR MATERIALS COURIERS, UNITED STATES CAPITOL POLICE, SUPREME COURT POLICE, AND DIPLOMATIC SECURITY SPECIAL AGENTS.**

9 (a) IN GENERAL.—Section 72(t)(10)(B)(ii), as added  
10 by Public Law 114–26, is amended by striking “or any”  
11 and inserting “any” and by inserting before the period at  
12 the end the following: “, any nuclear materials courier de-  
13 scribed in section 8331(27) or 8401(33) of such title, any  
14 member of the United States Capitol Police, any member  
15 of the Supreme Court Police, or any diplomatic security  
16 special agent of the Department of State”.

17 (b) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to distributions after December 31,  
19 2015.

20 **SEC. 309. PREVENTION OF EXTENSION OF TAX COLLECTION PERIOD FOR MEMBERS OF THE ARMED FORCES WHO ARE HOSPITALIZED AS A RESULT OF COMBAT ZONE INJURIES.**

24 (a) IN GENERAL.—Section 7508(e) is amended by  
25 adding at the end the following new paragraph:

1           “(3) COLLECTION PERIOD AFTER ASSESSMENT  
2           NOT EXTENDED AS A RESULT OF HOSPITALIZA-  
3           TION.—With respect to any period of continuous  
4           qualified hospitalization described in subsection (a)  
5           and the next 180 days thereafter, subsection (a)  
6           shall not apply in the application of section 6502.”.

7           (b) EFFECTIVE DATE.—The amendment made by  
8           this section shall apply to taxes assessed before, on, or  
9           after the date of the enactment of this Act.

## 10   **Subtitle B—Real Estate Investment** 11                                   **Trusts**

### 12   **SEC. 311. RESTRICTION ON TAX-FREE SPINOFFS INVOLV-** 13                                   **ING REITS.**

14           (a) IN GENERAL.—Section 355 is amended by adding  
15           at the end the following new subsection:

16           “(h) RESTRICTION ON DISTRIBUTIONS INVOLVING  
17           REAL ESTATE INVESTMENT TRUSTS.—

18                   “(1) IN GENERAL.—This section (and so much  
19                   of section 356 as relates to this section) shall not  
20                   apply to any distribution if either the distributing  
21                   corporation or controlled corporation is a real estate  
22                   investment trust.

23                   “(2) EXCEPTIONS FOR CERTAIN SPINOFFS.—

24                                   “(A) SPINOFFS OF A REAL ESTATE IN-  
25                   VESTMENT TRUST BY ANOTHER REAL ESTATE

1 INVESTMENT TRUST.—Paragraph (1) shall not  
2 apply to any distribution if, immediately after  
3 the distribution, the distributing corporation  
4 and the controlled corporation are both real es-  
5 tate investment trusts.

6 “(B) SPINOFFS OF CERTAIN TAXABLE  
7 REIT SUBSIDIARIES.—Paragraph (1) shall not  
8 apply to any distribution if—

9 “(i) the distributing corporation has  
10 been a real estate investment trust at all  
11 times during the 3-year period ending on  
12 the date of such distribution,

13 “(ii) the controlled corporation has  
14 been a taxable REIT subsidiary (as de-  
15 fined in section 856(l)) of the distributing  
16 corporation at all times during such pe-  
17 riod, and

18 “(iii) the distributing corporation had  
19 control (as defined in section 368(c) ap-  
20 plied by taking into account stock owned  
21 directly or indirectly, including through  
22 one or more corporations or partnerships,  
23 by the distributing corporation) of the con-  
24 trolled corporation at all times during such  
25 period.

1           A controlled corporation will be treated as  
2           meeting the requirements of clauses (ii) and  
3           (iii) if the stock of such corporation was distrib-  
4           uted by a taxable REIT subsidiary in a trans-  
5           action to which this section (or so much of sec-  
6           tion 356 as relates to this section) applies and  
7           the assets of such corporation consist solely of  
8           the stock or assets of assets held by one or  
9           more taxable REIT subsidiaries of the distrib-  
10          uting corporation meeting the requirements of  
11          clauses (ii) and (iii). For purposes of clause  
12          (iii), control of a partnership means ownership  
13          of 80 percent of the profits interest and 80 per-  
14          cent of the capital interests.”.

15          (b) PREVENTION OF REIT ELECTION FOLLOWING  
16          TAX-FREE SPIN OFF.—Section 856(c) is amended by re-  
17          designating paragraph (8) as paragraph (9) and by insert-  
18          ing after paragraph (7) the following new paragraph:

19                 “(8) ELECTION AFTER TAX-FREE REORGANIZA-  
20          TION.—If a corporation was a distributing corpora-  
21          tion or a controlled corporation (other than a con-  
22          trolled corporation with respect to a distribution de-  
23          scribed in section 355(h)(2)(A)) with respect to any  
24          distribution to which section 355 (or so much of sec-  
25          tion 356 as relates to section 355) applied, such cor-

1       poration (and any successor corporation) shall not  
2       be eligible to make any election under paragraph (1)  
3       for any taxable year beginning before the end of the  
4       10-year period beginning on the date of such dis-  
5       tribution.”.

6       (c) **EFFECTIVE DATE.**—The amendments made by  
7       this section shall apply to distributions on or after Decem-  
8       ber 7, 2015, but shall not apply to any distribution pursu-  
9       ant to a transaction described in a ruling request initially  
10      submitted to the Internal Revenue Service on or before  
11      such date, which request has not been withdrawn and with  
12      respect to which a ruling has not been issued or denied  
13      in its entirety as of such date.

14      **SEC. 312. REDUCTION IN PERCENTAGE LIMITATION ON AS-**  
15                              **SETS OF REIT WHICH MAY BE TAXABLE REIT**  
16                              **SUBSIDIARIES.**

17      (a) **IN GENERAL.**—Section 856(c)(4)(B)(ii) is  
18      amended by striking “25 percent” and inserting “20 per-  
19      cent”.

20      (b) **EFFECTIVE DATE.**—The amendment made by  
21      this section shall apply to taxable years beginning after  
22      December 31, 2017.

1 **SEC. 313. PROHIBITED TRANSACTION SAFE HARBORS.**

2 (a) ALTERNATIVE 3-YEAR AVERAGING TEST FOR  
3 PERCENTAGE OF ASSETS THAT CAN BE SOLD ANNU-  
4 ALLY.—

5 (1) IN GENERAL.—Clause (iii) of section  
6 857(b)(6)(C) is amended by inserting before the  
7 semicolon at the end the following: “, or (IV) the  
8 trust satisfies the requirements of subclause (II) ap-  
9 plied by substituting ‘20 percent’ for ‘10 percent’  
10 and the 3-year average adjusted bases percentage  
11 for the taxable year (as defined in subparagraph  
12 (G)) does not exceed 10 percent, or (V) the trust  
13 satisfies the requirements of subclause (III) applied  
14 by substituting ‘20 percent’ for ‘10 percent’ and the  
15 3-year average fair market value percentage for the  
16 taxable year (as defined in subparagraph (H)) does  
17 not exceed 10 percent”.

18 (2) 3-YEAR AVERAGE ADJUSTED BASES AND  
19 FAIR MARKET VALUE PERCENTAGES.—Paragraph  
20 (6) of section 857(b) is amended by redesignating  
21 subparagraphs (G) and (H) as subparagraphs (I)  
22 and (J), respectively, and by inserting after subpara-  
23 graph (F) the following new subparagraphs:

24 “(G) 3-YEAR AVERAGE ADJUSTED BASES  
25 PERCENTAGE.—The term ‘3-year average ad-  
26 justed bases percentage’ means, with respect to

1 any taxable year, the ratio (expressed as a per-  
2 centage) of—

3 “(i) the aggregate adjusted bases (as  
4 determined for purposes of computing  
5 earnings and profits) of property (other  
6 than sales of foreclosure property or sales  
7 to which section 1033 applies) sold during  
8 the 3 taxable year period ending with such  
9 taxable year, divided by

10 “(ii) the sum of the aggregate ad-  
11 justed bases (as so determined) of all of  
12 the assets of the trust as of the beginning  
13 of each of the 3 taxable years which are  
14 part of the period referred to in clause (i).

15 “(H) 3-YEAR AVERAGE FAIR MARKET  
16 VALUE PERCENTAGE.—The term ‘3-year aver-  
17 age fair market value percentage’ means, with  
18 respect to any taxable year, the ratio (expressed  
19 as a percentage) of—

20 “(i) the fair market value of property  
21 (other than sales of foreclosure property or  
22 sales to which section 1033 applies) sold  
23 during the 3 taxable year period ending  
24 with such taxable year, divided by



1           “(ii) the sum of the fair market value  
2           of all of the assets of the trust as of the  
3           beginning of each of the 3 taxable years  
4           which are part of the period referred to in  
5           clause (i).”.

6           (3) CONFORMING AMENDMENTS.—Clause (iv)  
7           of section 857(b)(6)(D) is amended by adding “or”  
8           at the end of subclause (III) and by adding at the  
9           end the following new subclauses:

10                   “(IV) the trust satisfies the re-  
11                   quirements of subclause (II) applied  
12                   by substituting ‘20 percent’ for ‘10  
13                   percent’ and the 3-year average ad-  
14                   justed bases percentage for the tax-  
15                   able year (as defined in subparagraph  
16                   (G)) does not exceed 10 percent, or

17                   “(V) the trust satisfies the re-  
18                   quirements of subclause (III) applied  
19                   by substituting ‘20 percent’ for ‘10  
20                   percent’ and the 3-year average fair  
21                   market value percentage for the tax-  
22                   able year (as defined in subparagraph  
23                   (H)) does not exceed 10 percent,”.

1 (b) APPLICATION OF SAFE HARBORS INDEPENDENT  
2 OF DETERMINATION WHETHER REAL ESTATE ASSET IS  
3 INVENTORY PROPERTY.—

4 (1) IN GENERAL.—Subparagraphs (C) and (D)  
5 of section 857(b)(6) are each amended by striking  
6 “and which is described in section 1221(a)(1)” in  
7 the matter preceding clause (i).

8 (2) NO INFERENCE FROM SAFE HARBORS.—  
9 Subparagraph (F) of section 857(b)(6) is amended  
10 to read as follows:

11 “(F) NO INFERENCE WITH RESPECT TO  
12 TREATMENT AS INVENTORY PROPERTY.—The  
13 determination of whether property is described  
14 in section 1221(a)(1) shall be made without re-  
15 gard to this paragraph.”.

16 (c) EFFECTIVE DATES.—

17 (1) IN GENERAL.—The amendments made by  
18 subsection (a) shall apply to taxable years beginning  
19 after the date of the enactment of this Act.

20 (2) APPLICATION OF SAFE HARBORS.—

21 (A) IN GENERAL.—Except as provided in  
22 subparagraph (B), the amendments made by  
23 subsection (b) shall take effect as if included in  
24 section 3051 of the Housing Assistance Tax  
25 Act of 2008.

1 (B) RETROACTIVE APPLICATION OF NO IN-  
2 FERENCE NOT APPLICABLE TO CERTAIN TIM-  
3 BER PROPERTY PREVIOUSLY TREATED AS NOT  
4 INVENTORY PROPERTY.—The amendment made  
5 by subsection (b)(2) shall not apply to any sale  
6 of property to which section 857(b)(6)(G) of the  
7 Internal Revenue Code of 1986 (as in effect on  
8 the day before the date of the enactment of this  
9 Act) applies.

10 **SEC. 314. REPEAL OF PREFERENTIAL DIVIDEND RULE FOR**  
11 **PUBLICLY OFFERED REITS.**

12 (a) IN GENERAL.—Section 562(c) is amended by in-  
13 serting “or a publicly offered REIT” after “a publicly of-  
14 fered regulated investment company (as defined in section  
15 67(c)(2)(B))”.

16 (b) PUBLICLY OFFERED REIT.—Section 562(c), as  
17 amended by subsection (a), is amended—

18 (1) by striking “Except in the case of” and in-  
19 serting the following:

20 “(1) IN GENERAL.—Except in the case of”, and

21 (2) by adding at the end the following new  
22 paragraph:

23 “(2) PUBLICLY OFFERED REIT.—For purposes  
24 of this subsection, the term ‘publicly offered REIT’  
25 means a real estate investment trust which is re-

1       quired to file annual and periodic reports with the  
2       Securities and Exchange Commission under the Se-  
3       curities Exchange Act of 1934.”.

4       (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to distributions in taxable years  
6 beginning after December 31, 2014.

7 **SEC. 315. AUTHORITY FOR ALTERNATIVE REMEDIES TO AD-**  
8                   **DRESS CERTAIN REIT DISTRIBUTION FAIL-**  
9                   **URES.**

10       (a) IN GENERAL.—Subsection (e) of section 562 is  
11 amended—

12               (1) by striking “In the case of a real estate in-  
13 vestment trust” and inserting the following:

14               “(1) DETERMINATION OF EARNINGS AND PROF-  
15 ITS FOR PURPOSES OF DIVIDENDS PAID DEDUC-  
16 TION.—In the case of a real estate investment  
17 trust”, and

18               (2) by adding at the end the following new  
19 paragraph:

20               “(2) AUTHORITY TO PROVIDE ALTERNATIVE  
21 REMEDIES FOR CERTAIN FAILURES.—In the case of  
22 a failure of a distribution by a real estate investment  
23 trust to comply with the requirements of subsection  
24 (c), the Secretary may provide an appropriate rem-  
25 edy to cure such failure in lieu of not considering

1 the distribution to be a dividend for purposes of  
2 computing the dividends paid deduction if—

3 “(A) the Secretary determines that such  
4 failure is inadvertent or is due to reasonable  
5 cause and not due to willful neglect, or

6 “(B) such failure is of a type of failure  
7 which the Secretary has identified for purposes  
8 of this paragraph as being described in sub-  
9 paragraph (A).”.

10 (b) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to distributions in taxable years  
12 beginning after December 31, 2015.

13 **SEC. 316. LIMITATIONS ON DESIGNATION OF DIVIDENDS BY**  
14 **REITS.**

15 (a) IN GENERAL.—Section 857 is amended by redес-  
16 ignating subsection (g) as subsection (h) and by inserting  
17 after subsection (f) the following new subsection:

18 “(g) LIMITATIONS ON DESIGNATION OF DIVI-  
19 DENDS.—

20 “(1) OVERALL LIMITATION.—The aggregate  
21 amount of dividends designated by a real estate in-  
22 vestment trust under subsections (b)(3)(C) and  
23 (c)(2)(A) with respect to any taxable year may not  
24 exceed the dividends paid by such trust with respect  
25 to such year. For purposes of the preceding sen-

1 tence, dividends paid after the close of the taxable  
2 year described in section 858 shall be treated as  
3 paid with respect to such year.

4 “(2) **PROPORTIONALITY.**—The Secretary may  
5 prescribe regulations or other guidance requiring the  
6 proportionality of the designation of particular types  
7 of dividends among shares or beneficial interests of  
8 a real estate investment trust.”.

9 (b) **EFFECTIVE DATE.**—The amendments made by  
10 this section shall apply to distributions in taxable years  
11 beginning after December 31, 2015.

12 **SEC. 317. DEBT INSTRUMENTS OF PUBLICLY OFFERED**  
13 **REITS AND MORTGAGES TREATED AS REAL**  
14 **ESTATE ASSETS.**

15 (a) **DEBT INSTRUMENTS OF PUBLICLY OFFERED**  
16 **REITS TREATED AS REAL ESTATE ASSETS.**—

17 (1) **IN GENERAL.**—Subparagraph (B) of section  
18 856(c)(5) is amended—

19 (A) by striking “and shares” and inserting  
20 “, shares”, and

21 (B) by inserting “, and debt instruments  
22 issued by publicly offered REITs” before the  
23 period at the end of the first sentence.

24 (2) **INCOME FROM NONQUALIFIED DEBT IN-**  
25 **STRUMENTS OF PUBLICLY OFFERED REITS NOT**

1 QUALIFIED FOR PURPOSES OF SATISFYING THE 75  
2 PERCENT GROSS INCOME TEST.—Subparagraph (H)  
3 of section 856(c)(3) is amended by inserting “(other  
4 than a nonqualified publicly offered REIT debt in-  
5 strument)” after “real estate asset”.

6 (3) 25 PERCENT ASSET LIMITATION ON HOLD-  
7 ING OF NONQUALIFIED DEBT INSTRUMENTS OF PUB-  
8 LICLY OFFERED REITS.—Subparagraph (B) of sec-  
9 tion 856(c)(4) is amended by redesignating clause  
10 (iii) as clause (iv) and by inserting after clause (ii)  
11 the following new clause:

12 “(iii) not more than 25 percent of the  
13 value of its total assets is represented by  
14 nonqualified publicly offered REIT debt in-  
15 struments, and”.

16 (4) DEFINITIONS RELATED TO DEBT INSTRU-  
17 MENTS OF PUBLICLY OFFERED REITS.—Paragraph  
18 (5) of section 856(c) is amended by adding at the  
19 end the following new subparagraph:

20 “(L) DEFINITIONS RELATED TO DEBT IN-  
21 STRUMENTS OF PUBLICLY OFFERED REITS.—

22 “(i) PUBLICLY OFFERED REIT.—The  
23 term ‘publicly offered REIT’ has the  
24 meaning given such term by section  
25 562(c)(2).

1                   “(ii) NONQUALIFIED PUBLICLY OF-  
2                   FERED REIT DEBT INSTRUMENT.—The  
3                   term ‘nonqualified publicly offered REIT  
4                   debt instrument’ means any real estate  
5                   asset which would cease to be a real estate  
6                   asset if subparagraph (B) were applied  
7                   without regard to the reference to ‘debt in-  
8                   struments issued by publicly offered  
9                   REITs’.”.

10           (b) INTERESTS IN MORTGAGES ON INTERESTS IN  
11 REAL PROPERTY TREATED AS REAL ESTATE ASSETS.—  
12 Subparagraph (B) of section 856(c)(5) is amended by in-  
13 serting “or on interests in real property” after “interests  
14 in mortgages on real property”.

15           (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2015.

18 **SEC. 318. ASSET AND INCOME TEST CLARIFICATION RE-**  
19 **GARDING ANCILLARY PERSONAL PROPERTY.**

20           (a) IN GENERAL.—Subsection (c) of section 856, as  
21 amended by the preceding provisions of this Act, is amend-  
22 ed by redesignating paragraph (9) as paragraph (10) and  
23 by inserting after paragraph (8) the following new para-  
24 graph:



1           “(9) SPECIAL RULES FOR CERTAIN PERSONAL  
2           PROPERTY WHICH IS ANCILLARY TO REAL PROP-  
3           PERTY.—

4           “(A) CERTAIN PERSONAL PROPERTY  
5           LEASED IN CONNECTION WITH REAL PROP-  
6           PERTY.—Personal property shall be treated as a  
7           real estate asset for purposes of paragraph  
8           (4)(A) to the extent that rents attributable to  
9           such personal property are treated as rents  
10          from real property under subsection (d)(1)(C).

11          “(B) CERTAIN PERSONAL PROPERTY  
12          MORTGAGED IN CONNECTION WITH REAL PROP-  
13          PERTY.—In the case of an obligation secured by  
14          a mortgage on both real property and personal  
15          property, if the fair market value of such per-  
16          sonal property does not exceed 15 percent of  
17          the total fair market value of all such property,  
18          such obligation shall be treated—

19                 “(i) for purposes of paragraph (3)(B),  
20                 as an obligation described therein, and

21                 “(ii) for purposes of paragraph  
22                 (4)(A), as a real estate asset.

23          For purposes of the preceding sentence, the fair  
24          market value of all such property shall be deter-  
25          mined in the same manner as the fair market

1 value of real property is determined for pur-  
2 poses of apportioning interest income between  
3 real property and personal property under para-  
4 graph (3)(B).”.

5 (b) **EFFECTIVE DATE.**—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2015.

8 **SEC. 319. HEDGING PROVISIONS.**

9 (a) **MODIFICATION TO PERMIT THE TERMINATION**  
10 **OF A HEDGING TRANSACTION USING AN ADDITIONAL**  
11 **HEDGING INSTRUMENT.**—Subparagraph (G) of section  
12 856(e)(5) is amended by striking “and” at the end of  
13 clause (i), by striking the period at the end of clause (ii)  
14 and inserting “, and”, and by adding at the end the fol-  
15 lowing new clause:

16 “(iii) if—

17 “(I) a real estate investment  
18 trust enters into one or more positions  
19 described in clause (i) with respect to  
20 indebtedness described in clause (i) or  
21 one or more positions described in  
22 clause (ii) with respect to property  
23 which generates income or gain de-  
24 scribed in paragraph (2) or (3),

1                   “(II) any portion of such indebt-  
2                   edness is extinguished or any portion  
3                   of such property is disposed of, and

4                   “(III) in connection with such ex-  
5                   tinguishment or disposition, such  
6                   trust enters into one or more trans-  
7                   actions which would be hedging trans-  
8                   actions described in clause (ii) or (iii)  
9                   of section 1221(b)(2)(A) with respect  
10                  to any position referred to in sub-  
11                  clause (I) if such position were ordi-  
12                  nary property,

13                  any income of such trust from any position  
14                  referred to in subclause (I) and from any  
15                  transaction referred to in subclause (III)  
16                  (including gain from the termination of  
17                  any such position or transaction) shall not  
18                  constitute gross income under paragraphs  
19                  (2) and (3) to the extent that such trans-  
20                  action hedges such position.”.

21                  (b) IDENTIFICATION REQUIREMENTS.—

22                   (1) IN GENERAL.—Subparagraph (G) of section  
23                   856(c)(5), as amended by subsection (a), is amended  
24                   by striking “and” at the end of clause (ii), by strik-  
25                   ing the period at the end of clause (iii) and inserting

1 “, and”, and by adding at the end the following new  
2 clause:

3 “(iv) clauses (i), (ii), and (iii) shall  
4 not apply with respect to any transaction  
5 unless such transaction satisfies the identi-  
6 fication requirement described in section  
7 1221(a)(7) (determined after taking into  
8 account any curative provisions provided  
9 under the regulations referred to there-  
10 in).”.

11 (2) CONFORMING AMENDMENTS.—Subpara-  
12 graph (G) of section 856(e)(5) is amended—

13 (A) by striking “which is clearly identified  
14 pursuant to section 1221(a)(7)” in clause (i),  
15 and

16 (B) by striking “, but only if such trans-  
17 action is clearly identified as such before the  
18 close of the day on which it was acquired, origi-  
19 nated, or entered into (or such other time as  
20 the Secretary may prescribe)” in clause (ii).

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2015.

1 **SEC. 320. MODIFICATION OF REIT EARNINGS AND PROFITS**  
2 **CALCULATION TO AVOID DUPLICATE TAX-**  
3 **ATION.**

4 (a) EARNINGS AND PROFITS NOT INCREASED BY  
5 AMOUNTS ALLOWED IN COMPUTING TAXABLE INCOME IN  
6 PRIOR YEARS.—Section 857(d) is amended—

7 (1) by amending paragraph (1) to read as fol-  
8 lows:

9 “(1) IN GENERAL.—The earnings and profits of  
10 a real estate investment trust for any taxable year  
11 (but not its accumulated earnings) shall not be re-  
12 duced by any amount which—

13 “(A) is not allowable in computing its tax-  
14 able income for such taxable year, and

15 “(B) was not allowable in computing its  
16 taxable income for any prior taxable year.”, and

17 (2) by adding at the end the following new  
18 paragraphs:

19 “(4) REAL ESTATE INVESTMENT TRUST.—For  
20 purposes of this subsection, the term ‘real estate in-  
21 vestment trust’ includes a domestic corporation,  
22 trust, or association which is a real estate invest-  
23 ment trust determined without regard to the require-  
24 ments of subsection (a).

25 “(5) SPECIAL RULES FOR DETERMINING EARN-  
26 INGS AND PROFITS FOR PURPOSES OF THE DEDUC-

1           TION FOR DIVIDENDS PAID.—For special rules for  
2           determining the earnings and profits of a real estate  
3           investment trust for purposes of the deduction for  
4           dividends paid, see section 562(e)(1).”.

5           (b) EXCEPTION FOR PURPOSES OF DETERMINING  
6           DIVIDENDS PAID DEDUCTION.—Section 562(e)(1), as  
7           amended by the preceding provisions of this Act, is amend-  
8           ed by striking “deduction, the earnings” and all that fol-  
9           lows and inserting the following: “deduction—

10                       “(A) the earnings and profits of such trust  
11                       for any taxable year (but not its accumulated  
12                       earnings) shall be increased by the amount of  
13                       gain (if any) on the sale or exchange of real  
14                       property which is taken into account in deter-  
15                       mining the taxable income of such trust for  
16                       such taxable year (and not otherwise taken into  
17                       account in determining such earnings and prof-  
18                       its), and

19                       “(B) section 857(d)(1) shall be applied  
20                       without regard to subparagraph (B) thereof.”.

21           (c) EFFECTIVE DATE.—The amendments made by  
22           this section shall apply to taxable years beginning after  
23           December 31, 2015.

1 **SEC. 321. TREATMENT OF CERTAIN SERVICES PROVIDED**  
2 **BY TAXABLE REIT SUBSIDIARIES.**

3 (a) TAXABLE REIT SUBSIDIARIES TREATED IN  
4 SAME MANNER AS INDEPENDENT CONTRACTORS FOR  
5 CERTAIN PURPOSES.—

6 (1) MARKETING AND DEVELOPMENT EXPENSES  
7 UNDER RENTAL PROPERTY SAFE HARBOR.—Clause  
8 (v) of section 857(b)(6)(C) is amended by inserting  
9 “or a taxable REIT subsidiary” before the period at  
10 the end.

11 (2) MARKETING EXPENSES UNDER TIMBER  
12 SAFE HARBOR.—Clause (v) of section 857(b)(6)(D)  
13 is amended by striking “, in the case of a sale on  
14 or before the termination date,”.

15 (3) FORECLOSURE PROPERTY GRACE PERIOD.—  
16 Subparagraph (C) of section 856(e)(4) is amended  
17 by inserting “or through a taxable REIT subsidiary”  
18 after “receive any income”.

19 (b) TAX ON REDETERMINED TRS SERVICE IN-  
20 COME.—

21 (1) IN GENERAL.—Subparagraph (A) of section  
22 857(b)(7) is amended by striking “and excess inter-  
23 est” and inserting “excess interest, and redeter-  
24 mined TRS service income”.

25 (2) REDETERMINED TRS SERVICE INCOME.—  
26 Paragraph (7) of section 857(b) is amended by re-

1 designating subparagraphs (E) and (F) as subpara-  
2 graphs (F) and (G), respectively, and inserting after  
3 subparagraph (D) the following new subparagraph:

4 “(E) REDETERMINED TRS SERVICE IN-  
5 COME.—

6 “(i) IN GENERAL.—The term ‘redeter-  
7 mined TRS service income’ means gross  
8 income of a taxable REIT subsidiary of a  
9 real estate investment trust attributable to  
10 services provided to, or on behalf of, such  
11 trust (less deductions properly allocable  
12 thereto) to the extent the amount of such  
13 income (less such deductions) would (but  
14 for subparagraph (F)) be increased on dis-  
15 tribution, apportionment, or allocation  
16 under section 482.

17 “(ii) COORDINATION WITH REDETER-  
18 MINED RENTS.—Clause (i) shall not apply  
19 with respect to gross income attributable  
20 to services furnished or rendered to a ten-  
21 ant of the real estate investment trust (or  
22 to deductions properly allocable thereto).”.

23 (3) CONFORMING AMENDMENTS.—Subpara-  
24 graphs (B)(i) and (C) of section 857(b)(7) are each



1 amended by striking “subparagraph (E)” and insert-  
2 ing “subparagraph (F)”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to taxable years beginning after  
5 December 31, 2015.

6 **SEC. 322. EXCEPTION FROM FIRPTA FOR CERTAIN STOCK**  
7 **OF REITS.**

8 (a) MODIFICATIONS OF OWNERSHIP RULES.—

9 (1) IN GENERAL.—Section 897 is amended by  
10 adding at the end the following new subsection:

11 “(k) SPECIAL RULES RELATING TO REAL ESTATE  
12 INVESTMENT TRUSTS.—

13 “(1) INCREASE IN PERCENTAGE OWNERSHIP  
14 FOR EXCEPTIONS FOR PERSONS HOLDING PUBLICLY  
15 TRADED STOCK.—

16 “(A) DISPOSITIONS.—In the case of any  
17 disposition of stock in a real estate investment  
18 trust, paragraphs (3) and (6)(C) of subsection  
19 (c) shall each be applied by substituting ‘more  
20 than 10 percent’ for ‘more than 5 percent’.

21 “(B) DISTRIBUTIONS.—In the case of any  
22 distribution from a real estate investment trust,  
23 subsection (h)(1) shall be applied by sub-  
24 stituting ‘10 percent’ for ‘5 percent’.

1           “(2) STOCK HELD BY QUALIFIED SHARE-  
2           HOLDERS NOT TREATED AS USRPI.—

3           “(A) IN GENERAL.—Except as provided in  
4           subparagraph (B)—

5                   “(i) stock of a real estate investment  
6                   trust which is held directly (or indirectly  
7                   through 1 or more partnerships) by a  
8                   qualified shareholder shall not be treated  
9                   as a United States real property interest,  
10                  and

11                   “(ii) notwithstanding subsection  
12                   (h)(1), any distribution to a qualified  
13                   shareholder shall not be treated as gain  
14                   recognized from the sale or exchange of a  
15                   United States real property interest to the  
16                   extent the stock of the real estate invest-  
17                   ment trust held by such qualified share-  
18                   holder is not treated as a United States  
19                   real property interest under clause (i).

20           “(B) EXCEPTION.—In the case of a quali-  
21           fied shareholder with 1 or more applicable in-  
22           vestors—

23                   “(i) subparagraph (A)(i) shall not  
24                   apply to so much of the stock of a real es-  
25                   tate investment trust held by a qualified

1 shareholder as bears the same ratio to the  
2 value of the interests (other than interests  
3 held solely as a creditor) held by such ap-  
4 plicable investors in the qualified share-  
5 holder bears to value of all interests (other  
6 than interests held solely as a creditor) in  
7 the qualified shareholder, and

8 “(ii) a percentage equal to the ratio  
9 determined under clause (i) of the amounts  
10 realized by the qualified shareholder with  
11 respect to any disposition of stock in the  
12 real estate investment trust or with respect  
13 to any distribution from the real estate in-  
14 vestment trust attributable to gain from  
15 sales or exchanges of a United States real  
16 property interest shall be treated as  
17 amounts realized from the disposition of  
18 United States real property interests.

19 “(C) SPECIAL RULE FOR CERTAIN DIS-  
20 TRIBUTIONS TREATED AS SALE OR EX-  
21 CHANGE.—If a distribution by a real estate in-  
22 vestment trust is treated as a sale or exchange  
23 of stock under section 301(e)(3), 302, or 331  
24 with respect to a qualified shareholder—

1 “(i) in the case of an applicable inves-  
2 tor, subparagraph (B) shall apply with re-  
3 spect to such distribution, and

4 “(ii) in the case of any other person,  
5 such distribution shall be treated under  
6 section 857(b)(3)(F) as a dividend from a  
7 real estate investment trust notwith-  
8 standing any other provision of this title.

9 “(D) APPLICABLE INVESTOR.—For pur-  
10 poses of this paragraph, the term ‘applicable in-  
11 vestor’ means, with respect to any qualified  
12 shareholder holding stock in a real estate in-  
13 vestment trust, a person (other than a qualified  
14 shareholder) which—

15 “(i) holds an interest (other than an  
16 interest solely as a creditor) in such quali-  
17 fied shareholder, and

18 “(ii) holds more than 10 percent of  
19 the stock of such real estate investment  
20 trust (whether or not by reason of the per-  
21 son’s ownership interest in the qualified  
22 shareholder).

23 “(E) CONSTRUCTIVE OWNERSHIP  
24 RULES.—For purposes of subparagraphs (B)(i)  
25 and (C) and paragraph (4), the constructive

1 ownership rules under subsection (c)(6)(C) shall  
2 apply.

3 “(3) QUALIFIED SHAREHOLDER.—For purposes  
4 of this subsection—

5 “(A) IN GENERAL.—The term ‘qualified  
6 shareholder’ means a foreign person which—

7 “(i)(I) is eligible for benefits of a com-  
8 prehensive income tax treaty with the  
9 United States which includes an exchange  
10 of information program and the principal  
11 class of interests of which is listed and reg-  
12 ularly traded on 1 or more recognized  
13 stock exchanges (as defined in such com-  
14 prehensive income tax treaty), or

15 “(II) is a foreign partnership that is  
16 created or organized under foreign law as  
17 a limited partnership in a jurisdiction that  
18 has an agreement for the exchange of in-  
19 formation with respect to taxes with the  
20 United States and has a class of limited  
21 partnership units which is regularly traded  
22 on the New York Stock Exchange or  
23 Nasdaq Stock Market and such class of  
24 limited partnership units value is greater

1 than 50 percent of the value of all the  
2 partnership units,

3 “(ii) is a qualified collective invest-  
4 ment vehicle, and

5 “(iii) maintains records on the iden-  
6 tity of each person who, at any time during  
7 the foreign person’s taxable year, holds di-  
8 rectly 5 percent or more of the class of in-  
9 terest described in subclause (I) or (II) of  
10 clause (i), as the case may be.

11 “(B) QUALIFIED COLLECTIVE INVEST-  
12 MENT VEHICLE.—For purposes of this sub-  
13 section, the term ‘qualified collective investment  
14 vehicle’ means a foreign person—

15 “(i) which, under the comprehensive  
16 income tax treaty described in subpara-  
17 graph (A)(i), is eligible for a reduced rate  
18 of withholding with respect to ordinary  
19 dividends paid by a real estate investment  
20 trust even if such person holds more than  
21 10 percent of the stock of such real estate  
22 investment trust,

23 “(ii) which—

24 “(I) is a publicly traded partner-  
25 ship (as defined in section 7704(b)) to

1 which subsection (a) of section 7704  
2 does not apply,

3 “(II) is a withholding foreign  
4 partnership for purposes of chapters  
5 3, 4, and 61,

6 “(III) if such foreign partnership  
7 were a United States corporation,  
8 would be a United States real prop-  
9 erty holding corporation (determined  
10 without regard to paragraph (1)) at  
11 any time during the 5-year period  
12 ending on the date of disposition of,  
13 or distribution with respect to, such  
14 partnership’s interests in a real estate  
15 investment trust, or

16 “(iii) which is designated as a quali-  
17 fied collective investment vehicle by the  
18 Secretary and is either—

19 “(I) fiscally transparent within  
20 the meaning of section 894, or

21 “(II) required to include divi-  
22 dends in its gross income, but entitled  
23 to a deduction for distributions to per-  
24 sons holding interests (other than in-

1                   terests solely as a creditor) in such  
2                   foreign person.

3                   “(4) PARTNERSHIP ALLOCATIONS.—

4                   “(A) IN GENERAL.—For the purposes of  
5                   this subsection, in the case of an applicable in-  
6                   vestor who is a nonresident alien individual or  
7                   a foreign corporation and is a partner in a part-  
8                   nership that is a qualified shareholder, if such  
9                   partner’s proportionate share of USRPI gain  
10                  for the taxable year exceeds such partner’s dis-  
11                  tributive share of USRPI gain for the taxable  
12                  year, then

13                  “(i) such partner’s distributive share  
14                  of the amount of gain taken into account  
15                  under subsection (a)(1) by the partner for  
16                  the taxable year (determined without re-  
17                  gard to this paragraph) shall be increased  
18                  by the amount of such excess, and

19                  “(ii) such partner’s distributive share  
20                  of items of income or gain for the taxable  
21                  year that are not treated as gain taken  
22                  into account under subsection (a)(1) (de-  
23                  termined without regard to this paragraph)  
24                  shall be decreased (but not below zero) by  
25                  the amount of such excess.



1           “(B) USRPI GAIN.—For the purposes of  
2 this paragraph, the term ‘USRPI gain’ means  
3 the excess (if any) of—

4           “(i) the sum of—

5           “(I) any gain recognized from  
6 the disposition of a United States real  
7 property interest, and

8           “(II) any distribution by a real  
9 estate investment trust that is treated  
10 as gain recognized from the sale or  
11 exchange of a United States real  
12 property interest, over

13           “(ii) any loss recognized from the dis-  
14 position of a United States real property  
15 interest.

16           “(C) PROPORTIONATE SHARE OF USRPI  
17 GAIN.—For purposes of this paragraph, an ap-  
18 plicable investor’s proportionate share of  
19 USRPI gain shall be determined on the basis of  
20 such investor’s share of partnership items of in-  
21 come or gain (excluding gain allocated under  
22 section 704(c)), whichever results in the largest  
23 proportionate share. If the investor’s share of  
24 partnership items of income or gain (excluding  
25 gain allocated under section 704(c)) may vary

1 during the period such investor is a partner in  
2 the partnership, such share shall be the highest  
3 share such investor may receive.”.

4 (2) CONFORMING AMENDMENTS.—

5 (A) Section 897(c)(1)(A) is amended by in-  
6 serting “or subsection (k)” after “subparagraph  
7 (B)” in the matter preceding clause (i).

8 (B) Section 857(b)(3)(F) is amended by  
9 inserting “or subparagraph (A)(ii) or (C) of  
10 section 897(k)(2)” after “897(h)(1)”.

11 (b) DETERMINATION OF DOMESTIC CONTROL.—

12 (1) SPECIAL OWNERSHIP RULES.—

13 (A) IN GENERAL.—Section 897(h)(4) is  
14 amended by adding at the end the following  
15 new subparagraph:

16 “(E) SPECIAL OWNERSHIP RULES.—For  
17 purposes of determining the holder of stock  
18 under subparagraphs (B) and (C)—

19 “(i) in the case of any class of stock  
20 of the qualified investment entity which is  
21 regularly traded on an established securi-  
22 ties market in the United States, a person  
23 holding less than 5 percent of such class of  
24 stock at all times during the testing period  
25 shall be treated as a United States person

1 unless the qualified investment entity has  
2 actual knowledge that such person is not a  
3 United States person,

4 “(ii) any stock in the qualified invest-  
5 ment entity held by another qualified in-  
6 vestment entity—

7 “(I) any class of stock of which  
8 is regularly traded on an established  
9 securities market, or

10 “(II) which is a regulated invest-  
11 ment company which issues redeem-  
12 able securities (within the meaning of  
13 section 2 of the Investment Company  
14 Act of 1940),

15 shall be treated as held by a foreign per-  
16 son, except that if such other qualified in-  
17 vestment entity is domestically controlled  
18 (determined after application of this sub-  
19 paragraph), such stock shall be treated as  
20 held by a United States person, and

21 “(iii) any stock in the qualified invest-  
22 ment entity held by any other qualified in-  
23 vestment entity not described in subclause  
24 (I) or (II) of clause (ii) shall only be treat-  
25 ed as held by a United States person in

1 proportion to the stock of such other quali-  
2 fied investment entity which is (or is treat-  
3 ed under clause (ii) or (iii) as) held by a  
4 United States person.”.

5 (B) CONFORMING AMENDMENT.—The  
6 heading for paragraph (4) of section 897(h) is  
7 amended by inserting “AND SPECIAL RULES”  
8 after “DEFINITIONS”.

9 (2) TECHNICAL AMENDMENT.—Clause (ii) of  
10 section 897(h)(4)(A) is amended by inserting “and  
11 for purposes of determining whether a real estate in-  
12 vestment trust is a domestically controlled qualified  
13 investment entity under this subsection” after “real  
14 estate investment trust”.

15 (c) EFFECTIVE DATES.—

16 (1) IN GENERAL.—The amendments made by  
17 subsection (a) shall take effect on the date of enact-  
18 ment and shall apply to—

19 (A) any disposition on and after the date  
20 of the enactment of this Act, and

21 (B) any distribution by a real estate in-  
22 vestment trust on or after the date of the en-  
23 actment of this Act which is treated as a deduc-  
24 tion for a taxable year of such trust ending  
25 after such date.

1           (2) DETERMINATION OF DOMESTIC CONTROL.—

2           The amendments made by subsection (b)(1) shall  
3           take effect on the date of the enactment of this Act.

4           (3) TECHNICAL AMENDMENT.—The amendment  
5           made by subsection (b)(2) shall take effect on Janu-  
6           ary 1, 2015.

7   **SEC. 323. EXCEPTION FOR INTERESTS HELD BY FOREIGN**  
8                           **RETIREMENT OR PENSION FUNDS.**

9           (a) IN GENERAL.—Section 897, as amended by the  
10          preceding provisions of this Act, is amended by adding at  
11          the end the following new subsection:

12          “(1) EXCEPTION FOR INTERESTS HELD BY FOREIGN  
13          PENSION FUNDS.—

14                 “(1) IN GENERAL.—This section shall not apply  
15                 to any United States real property interest held di-  
16                 rectly (or indirectly through 1 or more partnerships)  
17                 by, or to any distribution received from a real estate  
18                 investment trust by—

19                         “(A) a qualified foreign pension fund, or

20                         “(B) any entity all of the interests of  
21                         which are held by a qualified foreign pension  
22                         fund.

23                 “(2) QUALIFIED FOREIGN PENSION FUND.—

24          For purposes of this subsection, the term ‘qualified

1 foreign pension fund’ means any trust, corporation,  
2 or other organization or arrangement—

3 “(A) which is created or organized under  
4 the law of a country other than the United  
5 States,

6 “(B) which is established to provide retire-  
7 ment or pension benefits to participants or  
8 beneficiaries that are current or former employ-  
9 ees (or persons designated by such employees)  
10 of one or more employers in consideration for  
11 services rendered,

12 “(C) which does not have a single partici-  
13 pant or beneficiary with a right to more than  
14 five percent of its assets or income,

15 “(D) which is subject to government regu-  
16 lation and provides annual information report-  
17 ing about its beneficiaries to the relevant tax  
18 authorities in the country in which it is estab-  
19 lished or operates, and

20 “(E) with respect to which, under the laws  
21 of the country in which it is established or oper-  
22 ates—

23 “(i) contributions to such trust, cor-  
24 poration, organization, or arrangement  
25 which would otherwise be subject to tax

1 under such laws are deductible or excluded  
2 from the gross income of such entity or  
3 taxed at a reduced rate, or

4 “(ii) taxation of any investment in-  
5 come of such trust, corporation, organiza-  
6 tion or arrangement is deferred or such in-  
7 come is taxed at a reduced rate.

8 “(3) REGULATIONS.—The Secretary shall pre-  
9 scribe such regulations as may be necessary or ap-  
10 propriate to carry out the purposes of this sub-  
11 section.”.

12 (b) EXEMPTION FROM WITHHOLDING.—Section  
13 1445(f)(3) is amended by striking “any person” and all  
14 that follows and inserting the following: “any person other  
15 than—

16 “(A) a United States person, and

17 “(B) except as otherwise provided by the  
18 Secretary, an entity with respect to which sec-  
19 tion 897 does not apply by reason of subsection  
20 (l) thereof.”.

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to dispositions and distributions  
23 after the date of the enactment of this Act.

1 **SEC. 324. INCREASE IN RATE OF WITHHOLDING OF TAX ON**  
2 **DISPOSITIONS OF UNITED STATES REAL**  
3 **PROPERTY INTERESTS.**

4 (a) IN GENERAL.—Subsections (a), (e)(3), (e)(4),  
5 and (e)(5) of section 1445 are each amended by striking  
6 “10 percent” and inserting “15 percent”.

7 (b) EXCEPTION FOR CERTAIN RESIDENCES.—Sec-  
8 tion 1445(e) is amended by adding at the end the fol-  
9 lowing new paragraph:

10 “(4) REDUCED RATE OF WITHHOLDING FOR  
11 RESIDENCE WHERE AMOUNT REALIZED DOES NOT  
12 EXCEED \$1,000,000.—In the case of a disposition—

13 “(A) of property which is acquired by the  
14 transferee for use by the transferee as a resi-  
15 dence,

16 “(B) with respect to which the amount re-  
17 alized for such property does not exceed  
18 \$1,000,000, and

19 “(C) to which subsection (b)(5) does not  
20 apply,

21 subsection (a) shall be applied by substituting ‘10  
22 percent’ for ‘15 percent’.”.

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to dispositions after the date which  
25 is 60 days after the date of the enactment of this Act.



1 **SEC. 325. INTERESTS IN RICS AND REITS NOT EXCLUDED**  
2 **FROM DEFINITION OF UNITED STATES REAL**  
3 **PROPERTY INTERESTS.**

4 (a) IN GENERAL.—Section 897(c)(1)(B) is amended  
5 by striking “and” at the end of clause (i), by striking the  
6 period at the end of clause (ii)(II) and inserting “, and”,  
7 and by adding at the end the following new clause:

8 “(iii) neither such corporation nor any  
9 predecessor of such corporation was a reg-  
10 ulated investment company or a real estate  
11 investment trust at any time during the  
12 shorter of the periods described in sub-  
13 paragraph (A)(ii).”.

14 (b) EFFECTIVE DATE.—The amendment made by  
15 this section shall apply to dispositions on or after the date  
16 of the enactment of this Act.

17 **SEC. 326. DIVIDENDS DERIVED FROM RICS AND REITS IN-**  
18 **ELIGIBLE FOR DEDUCTION FOR UNITED**  
19 **STATES SOURCE PORTION OF DIVIDENDS**  
20 **FROM CERTAIN FOREIGN CORPORATIONS.**

21 (a) IN GENERAL.—Section 245(a) is amended by  
22 adding at the end the following new paragraph:

23 “(12) DIVIDENDS DERIVED FROM RICS AND  
24 REITS INELIGIBLE FOR DEDUCTION.—Regulated in-  
25 vestment companies and real estate investment

1 trusts shall not be treated as domestic corporations  
2 for purposes of paragraph (5)(B).”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to dividends received from regu-  
5 lated investment companies and real estate investment  
6 trusts on or after the date of the enactment of this Act.

7 (c) **NO INFERENCE.**—Nothing contained in this sec-  
8 tion or the amendments made by this section shall be con-  
9 strued to create any inference with respect to the proper  
10 treatment under section 245 of the Internal Revenue Code  
11 of 1986 of dividends received from regulated investment  
12 companies or real estate investment trusts before the date  
13 of the enactment of this Act.

## 14 **Subtitle C—Additional Provisions**

### 15 **SEC. 331. DEDUCTIBILITY OF CHARITABLE CONTRIBU-** 16 **TIONS TO AGRICULTURAL RESEARCH ORGA-** 17 **NIZATIONS.**

18 (a) **IN GENERAL.**—Subparagraph (A) of section  
19 170(b)(1) is amended by striking “or” at the end of clause  
20 (vii), by striking the comma at the end of clause (viii) and  
21 inserting “, or”, and by inserting after clause (viii) the  
22 following new clause:

23 “(ix) an agricultural research organi-  
24 zation directly engaged in the continuous  
25 active conduct of agricultural research (as

1 defined in section 1404 of the Agricultural  
2 Research, Extension, and Teaching Policy  
3 Act of 1977) in conjunction with a land-  
4 grant college or university (as defined in  
5 such section) or a non-land grant college of  
6 agriculture (as defined in such section),  
7 and during the calendar year in which the  
8 contribution is made such organization is  
9 committed to spend such contribution for  
10 such research before January 1 of the fifth  
11 calendar year which begins after the date  
12 such contribution is made.”.

13 (b) EXPENDITURES TO INFLUENCE LEGISLATION.—  
14 Paragraph (4) of section 501(h) is amended by redesignig-  
15 nating subparagraphs (E) and (F) as subparagraphs (F)  
16 and (G), respectively, and by inserting after subparagraph  
17 (D) the following new subparagraph:

18 “(E) section 170(b)(1)(A)(ix) (relating to  
19 agricultural research organizations),”.

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to contributions made on and after  
22 the date of the enactment of this Act.

1 **SEC. 332. REMOVAL OF BOND REQUIREMENTS AND EX-**  
2 **TENDING FILING PERIODS FOR CERTAIN**  
3 **TAXPAYERS WITH LIMITED EXCISE TAX LI-**  
4 **ABILITY.**

5 (a) **FILING REQUIREMENTS.**—Paragraph (4) of sec-  
6 tion 5061(d) of the Internal Revenue Code of 1986 is  
7 amended—

8 (1) in subparagraph (A)—

9 (A) by striking “In the case of” and in-  
10 serting the following:

11 “(i) **MORE THAN \$1,000 AND NOT**  
12 **MORE THAN \$50,000 IN TAXES.**—~~Except as~~  
13 ~~provided in clause (ii), in the case of”~~,

14 (B) by striking “under bond for deferred  
15 payment”, and

16 (C) by adding at the end the following new  
17 clause:

18 “(ii) **NOT MORE THAN \$1,000 IN**  
19 **TAXES.**—In the case of any taxpayer who  
20 reasonably expects to be liable for not  
21 more than \$1,000 in taxes imposed with  
22 respect to distilled spirits, wines, and beer  
23 under subparts A, C, and D and section  
24 7652 for the calendar year and who was  
25 liable for not more than \$1,000 in such  
26 taxes in the preceding calendar year, the

1 last day for the payment of tax on with-  
2 drawals, removals, and entries (and arti-  
3 cles brought into the United States from  
4 Puerto Rico) shall be the 14th day after  
5 the last day of the calendar year.”, and

6 (2) in subparagraph (B)—

7 (A) by striking “Subparagraph (A)” and  
8 inserting the following:

9 “(i) EXCEEDS \$50,000 LIMIT.—Sub-  
10 paragraph (A)(i)”, and

11 (B) by adding at the end the following new  
12 clause:

13 “(ii) EXCEEDS \$1,000 LIMIT.—Sub-  
14 paragraph (A)(ii) shall not apply to any  
15 taxpayer for any portion of the calendar  
16 year following the first date on which the  
17 aggregate amount of tax due under sub-  
18 parts A, C, and D and section 7652 from  
19 such taxpayer during such calendar year  
20 exceeds \$1,000, and any tax under such  
21 subparts which has not been paid on such  
22 date shall be due on the 14th day after the  
23 last day of the calendar quarter in which  
24 such date occurs.”.

25 (b) BOND REQUIREMENTS.—

1           (1) IN GENERAL.—Section 5551 of such Code  
2 is amended—

3           (A) in subsection (a), by striking “No indi-  
4 vidual” and inserting “Except as provided  
5 under subsection (d), no individual”, and

6           (B) by adding at the end the following new  
7 subsection:

8           “(d) REMOVAL OF BOND REQUIREMENTS.—

9           “(1) IN GENERAL.—During any period to which  
10 subparagraph (A) of section 5061(d)(4) applies to a  
11 taxpayer (determined after application of subpara-  
12 graph (B) thereof), such taxpayer shall not be re-  
13 quired to furnish any bond covering operations or  
14 withdrawals of distilled spirits or wines for non-  
15 industrial use or of beer.

16           “(2) SATISFACTION OF BOND REQUIRE-  
17 MENTS.—Any taxpayer for any period described in  
18 paragraph (1) shall be treated as if sufficient bond  
19 has been furnished for purposes of covering oper-  
20 ations and withdrawals of distilled spirits or wines  
21 for nonindustrial use or of beer for purposes of any  
22 requirements relating to bonds under this chapter.”.

23           (2) CONFORMING AMENDMENTS.—

1 (A) BONDS FOR DISTILLED SPIRITS  
2 PLANTS.—Section 5173(a) of such Code is  
3 amended—

4 (i) in paragraph (1), by striking “No  
5 person” and inserting “Except as provided  
6 under section 5551(d), no person”, and

7 (ii) in paragraph (2), by striking “No  
8 distilled spirits” and inserting “Except as  
9 provided under section 5551(d), no dis-  
10 tilled spirits”.

11 (B) BONDED WINE CELLARS.—Section  
12 5351 of such Code is amended—

13 (i) by striking “Any person” and in-  
14 serting the following:

15 “(a) IN GENERAL.—Any person”,

16 (ii) by inserting “, except as provided  
17 under section 5551(d),” before “file bond”,

18 (iii) by striking “Such premises shall”  
19 and all that follows through the period,  
20 and

21 (iv) by adding at the end the following  
22 new subsection:

23 “(b) DEFINITIONS.—For purposes of this chapter—

24 “(1) BONDED WINE CELLAR.—The term ‘bond-  
25 ed wine cellar’ means any premises described in sub-

1 section (a), including any such premises established  
2 by a taxpayer described in section 5551(d).

3 “(2) BONDED WINERY.—At the discretion of  
4 the Secretary, any bonded wine cellar that engages  
5 in production operations may be designated as a  
6 ‘bonded winery’.”.

7 (C) BONDS FOR BREWERIES.—Section  
8 5401 of such Code is amended by adding at the  
9 end the following new subsection:

10 “(c) EXCEPTION FROM BOND REQUIREMENTS FOR  
11 CERTAIN BREWERIES.—Subsection (b) shall not apply to  
12 any taxpayer for any period described in section  
13 5551(d).”.

14 (c) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to any calendar quarters beginning  
16 more than 1 year after the date of the enactment of this  
17 Act.

18 **SEC. 333. MODIFICATIONS TO ALTERNATIVE TAX FOR CER-**  
19 **TAIN SMALL INSURANCE COMPANIES.**

20 (a) ADDITIONAL REQUIREMENT FOR COMPANIES TO  
21 WHICH ALTERNATIVE TAX APPLIES.—

22 (1) ADDED REQUIREMENT.—

23 (A) IN GENERAL.—Subparagraph (A) of  
24 section 831(b)(2) is amended—



1 (i) by striking “(including inter-  
2 insurers and reciprocal underwriters)”, and

3 (ii) by striking “and” at the end of  
4 clause (i), by redesignating clause (ii) as  
5 clause (iii), and by inserting after clause  
6 (i) the following new clause:

7 “(ii) such company meets the diver-  
8 sification requirements of subparagraph  
9 (B), and”.

10 (B) DIVERSIFICATION REQUIREMENT.—  
11 Paragraph (2) of section 831(b) is amended by  
12 redesignating subparagraphs (B) as subpara-  
13 graph (C) and by inserting after subparagraph  
14 (A) the following new subparagraph:

15 “(B) DIVERSIFICATION REQUIREMENTS.—

16 “(i) IN GENERAL.—An insurance com-  
17 pany meets the requirements of this sub-  
18 paragraph if—

19 “(I) no more than 20 percent of  
20 the net written premiums (or, if  
21 greater, direct written premiums) of  
22 such company for the taxable year is  
23 attributable to any one policyholder,  
24 or

1           “(II) such insurance company  
2           does not meet the requirement of sub-  
3           clause (I) and no person who holds  
4           (directly or indirectly) an interest in  
5           such insurance company is a specified  
6           holder who holds (directly or indi-  
7           rectly) aggregate interests in such in-  
8           surance company which constitute a  
9           percentage of the entire interests in  
10          such insurance company which is  
11          more than a de minimis percentage  
12          higher than the percentage of inter-  
13          ests in the specified assets with re-  
14          spect to such insurance company held  
15          (directly or indirectly) by such speci-  
16          fied holder.

17           “(ii) DEFINITIONS.—For purposes of  
18          clause (i)(II)—

19           “(I) SPECIFIED HOLDER.—The  
20          term ‘specified holder’ means, with re-  
21          spect to any insurance company, any  
22          individual who holds (directly or indi-  
23          rectly) an interest in such insurance  
24          company and who is a spouse or lineal  
25          descendant (including by adoption) of

1 an individual who holds an interest  
2 (directly or indirectly) in the specified  
3 assets with respect to such insurance  
4 company.

5 “(II) SPECIFIED ASSETS.—The  
6 term ‘specified assets’ means, with re-  
7 spect to any insurance company, the  
8 trades or businesses, rights, or assets  
9 with respect to which the net written  
10 premiums (or direct written pre-  
11 miums) of such insurance company  
12 are paid.

13 “(III) INDIRECT INTEREST.—An  
14 indirect interest includes any interest  
15 held through a trust, estate, partner-  
16 ship, or corporation.

17 “(IV) DE MINIMIS.—Except as  
18 otherwise provided by the Secretary in  
19 regulations or other guidance, 2 per-  
20 centage points or less shall be treated  
21 as de minimis.”.

22 (C) CONFORMING AMENDMENTS.—The  
23 second sentence section 831(b)(2)(A) is amend-  
24 ed—

1 (i) by striking “clause (ii)” and in-  
2 serting “clause (iii)”, and

3 (ii) by striking “clause (i)” and in-  
4 serting “clauses (i) and (ii)”.

5 (2) TREATMENT OF RELATED POLICY-  
6 HOLDERS.—Clause (i) of section 831(b)(2)(C), as  
7 redesignated by paragraph (1)(B), is amended—

8 (A) by striking “For purposes of subpara-  
9 graph (A), in determining” and inserting “For  
10 purposes of this paragraph—

11 “(I) in determining”,

12 (B) by striking the period at the end and  
13 inserting “, and”, and

14 (C) by adding at the end the following new  
15 subclause:

16 “(II) in determining the attribu-  
17 tion of premiums to any policyholder  
18 under subparagraph (B)(i), all policy-  
19 holders which are related (within the  
20 meaning of section 267(b) or 707(b))  
21 or are members of the same controlled  
22 group shall be treated as one policy-  
23 holder.”.

24 (3) REPORTING.—Section 831 is amended by  
25 redesignating subsection (d) as subsection (e) and by

1 inserting after subsection (c) the following new sub-  
2 section:

3 “(d) REPORTING.—Every insurance company for  
4 which an election is in effect under subsection (b) for any  
5 taxable year shall furnish to the Secretary at such time  
6 and in such manner as the Secretary shall prescribe such  
7 information for such taxable year as the Secretary shall  
8 require with respect to the requirements of subsection  
9 (b)(2)(A)(ii).”.

10 (b) INCREASE IN LIMITATION ON PREMIUMS.—

11 (1) IN GENERAL.—Clause (i) of section  
12 831(b)(2)(A) is amended by striking “\$1,200,000”  
13 and inserting “\$2,200,000”.

14 (2) INFLATION ADJUSTMENT.—Paragraph (2)  
15 of section 831(b), as amended by subsection  
16 (a)(1)(B), is amended by adding at the end the fol-  
17 lowing new subparagraph:

18 “(D) INFLATION ADJUSTMENT.—In the  
19 case of any taxable year beginning in a calendar  
20 year after 2015, the dollar amount set forth in  
21 subparagraph (A)(i) shall be increased by an  
22 amount equal to—

23 “(i) such dollar amount, multiplied by

24 “(ii) the cost-of-living adjustment de-  
25 termined under section 1(f)(3) for such

1 calendar year by substituting ‘calendar  
2 year 2013’ for ‘calendar year 1992’ in sub-  
3 paragraph (B) thereof.

4 If the amount as adjusted under the preceding  
5 sentence is not a multiple of \$50,000, such  
6 amount shall be rounded to the next lowest  
7 multiple of \$50,000.”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 2016.

11 **SEC. 334. TREATMENT OF TIMBER GAINS.**

12 (a) IN GENERAL.—Section 1201(b) is amended to  
13 read as follows:

14 “(b) SPECIAL RATE FOR QUALIFIED TIMBER  
15 GAINS.—

16 “(1) IN GENERAL.—If, for any taxable year be-  
17 ginning in 2016, a corporation has both a net cap-  
18 ital gain and qualified timber gain—

19 “(A) subsection (a) shall apply to such cor-  
20 poration for the taxable year without regard to  
21 whether the applicable tax rate exceeds 35 per-  
22 cent, and

23 “(B) the tax computed under subsection  
24 (a)(2) shall be equal to the sum of—

25 “(i) 23.8 percent of the least of—

1 “(I) qualified timber gain,  
2 “(II) net capital gain, or  
3 “(III) taxable income, plus  
4 “(ii) 35 percent of the excess (if any)  
5 of taxable income over the sum of the  
6 amounts for which a tax was determined  
7 under subsection (a)(1) and clause (i).

8 “(2) QUALIFIED TIMBER GAIN.—For purposes  
9 of this section, the term ‘qualified timber gain’  
10 means, with respect to any taxpayer for any taxable  
11 year, the excess (if any) of—

12 “(A) the sum of the taxpayer’s gains de-  
13 scribed in subsections (a) and (b) of section 631  
14 for such year, over

15 “(B) the sum of the taxpayer’s losses de-  
16 scribed in such subsections for such year.

17 For purposes of subparagraphs (A) and (B), only  
18 timber held more than 15 years shall be taken into  
19 account.”.

20 (b) CONFORMING AMENDMENT.—Section 55(b) is  
21 amended by striking paragraph (4).

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years beginning after  
24 December 31, 2015.

1 **SEC. 335. MODIFICATION OF DEFINITION OF HARD CIDER.**

2 (a) IN GENERAL.—Section 5041 of the Internal Rev-  
3 enue Code of 1986 is amended—

4 (1) in paragraph (6) of subsection (b), by strik-  
5 ing “which is a still wine” and all that follows  
6 through “alcohol by volume”, and

7 (2) by adding at the end the following new sub-  
8 section:

9 “(g) HARD CIDER.—For purposes of subsection  
10 (b)(6), the term ‘hard cider’ means a wine—

11 “(1) containing not more than 0.64 gram of  
12 carbon dioxide per hundred milliliters of wine, except  
13 that the Secretary may by regulations prescribe such  
14 tolerances to this limitation as may be reasonably  
15 necessary in good commercial practice,

16 “(2) which is derived primarily—

17 “(A) from apples or pears, or

18 “(B) from—

19 “(i) apple juice concentrate or pear  
20 juice concentrate, and

21 “(ii) water,

22 “(3) which contains no fruit product or fruit  
23 flavoring other than apple or pear, and

24 “(4) which contains at least one-half of 1 per-  
25 cent and less than 8.5 percent alcohol by volume.”.



1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to hard cider removed during cal-  
3 endar years beginning after December 31, 2016.

4 **SEC. 336. CHURCH PLAN CLARIFICATION.**

5 (a) APPLICATION OF CONTROLLED GROUP RULES TO  
6 CHURCH PLANS.—

7 (1) IN GENERAL.—Section 414(c) is amended—

8 (A) by striking “For purposes” and insert-  
9 ing the following:

10 “(1) IN GENERAL.—Except as provided in para-  
11 graph (2), for purposes”, and

12 (B) by adding at the end the following new  
13 paragraph:

14 “(2) SPECIAL RULES RELATING TO CHURCH  
15 PLANS.—

16 “(A) GENERAL RULE.—Except as provided  
17 in subparagraphs (B) and (C), for purposes of  
18 this subsection and subsection (m), an organi-  
19 zation that is otherwise eligible to participate in  
20 a church plan shall not be aggregated with an-  
21 other such organization and treated as a single  
22 employer with such other organization for a  
23 plan year beginning in a taxable year unless—

24 “(i) one such organization provides  
25 (directly or indirectly) at least 80 percent

1 of the operating funds for the other orga-  
2 nization during the preceding taxable year  
3 of the recipient organization, and

4 “(ii) there is a degree of common  
5 management or supervision between the or-  
6 ganizations such that the organization pro-  
7 viding the operating funds is directly in-  
8 volved in the day-to-day operations of the  
9 other organization.

10 “(B) NONQUALIFIED CHURCH-CON-  
11 TROLLED ORGANIZATIONS.—Notwithstanding  
12 subparagraph (A), for purposes of this sub-  
13 section and subsection (m), an organization  
14 that is a nonqualified church-controlled organi-  
15 zation shall be aggregated with 1 or more other  
16 nonqualified church-controlled organizations, or  
17 with an organization that is not exempt from  
18 tax under section 501, and treated as a single  
19 employer with such other organization, if at  
20 least 80 percent of the directors or trustees of  
21 such other organization are either representa-  
22 tives of, or directly or indirectly controlled by,  
23 such nonqualified church-controlled organiza-  
24 tion. For purposes of this subparagraph, the  
25 term ‘nonqualified church-controlled organiza-

1           tion’ means a church-controlled tax-exempt or-  
2           organization described in section 501(c)(3) that is  
3           not a qualified church-controlled organization  
4           (as defined in section 3121(w)(3)(B)).

5           “(C) PERMISSIVE AGGREGATION AMONG  
6           CHURCH-RELATED ORGANIZATIONS.—The  
7           church or convention or association of churches  
8           with which an organization described in sub-  
9           paragraph (A) is associated (within the mean-  
10          ing of subsection (e)(3)(D)), or an organization  
11          designated by such church or convention or as-  
12          sociation of churches, may elect to treat such  
13          organizations as a single employer for a plan  
14          year. Such election, once made, shall apply to  
15          all succeeding plan years unless revoked with  
16          notice provided to the Secretary in such manner  
17          as the Secretary shall prescribe.

18          “(D) PERMISSIVE DISAGGREGATION OF  
19          CHURCH-RELATED ORGANIZATIONS.—For pur-  
20          poses of subparagraph (A), in the case of a  
21          church plan, an employer may elect to treat  
22          churches (as defined in section 403(b)(12)(B))  
23          separately from entities that are not churches  
24          (as so defined), without regard to whether such  
25          entities maintain separate church plans. Such

1 election, once made, shall apply to all suc-  
2 ceeding plan years unless revoked with notice  
3 provided to the Secretary in such manner as the  
4 Secretary shall prescribe.”.

5 (2) CLARIFICATION RELATING TO APPLICATION  
6 OF ANTI-ABUSE RULE.—The rule of 26 CFR  
7 1.414(c)–5(f) shall continue to apply to each para-  
8 graph of section 414(c) of the Internal Revenue  
9 Code of 1986, as amended by paragraph (1).

10 (3) EFFECTIVE DATE.—The amendments made  
11 by paragraph (1) shall apply to years beginning be-  
12 fore, on, or after the date of the enactment of this  
13 Act.

14 (b) APPLICATION OF CONTRIBUTION AND FUNDING  
15 LIMITATIONS TO 403(b) GRANDFATHERED DEFINED  
16 BENEFIT PLANS.—

17 (1) IN GENERAL.—Section 251(e)(5) of the Tax  
18 Equity and Fiscal Responsibility Act of 1982 (Public  
19 Law 97–248), is amended—

20 (A) by striking “403(b)(2)” and inserting  
21 “403(b)”, and

22 (B) by inserting before the period at the  
23 end the following: “, and shall be subject to the  
24 applicable limitations of section 415(b) of such  
25 Code as if it were a defined benefit plan under

1 section 401(a) of such Code (and not to the  
2 limitations of section 415(c) of such Code).”.

3 (2) EFFECTIVE DATE.—The amendments made  
4 by this subsection shall apply to years beginning be-  
5 fore, on, or after the date of the enactment of this  
6 Act.

7 (c) AUTOMATIC ENROLLMENT BY CHURCH PLANS.—

8 (1) IN GENERAL.—This subsection shall super-  
9 sede any law of a State that relates to wage, salary,  
10 or payroll payment, collection, deduction, garnish-  
11 ment, assignment, or withholding which would di-  
12 rectly or indirectly prohibit or restrict the inclusion  
13 in any church plan (as defined in section 414(e) of  
14 the Internal Revenue Code of 1986) of an automatic  
15 contribution arrangement.

16 (2) DEFINITION OF AUTOMATIC CONTRIBUTION  
17 ARRANGEMENT.—For purposes of this subsection,  
18 the term “automatic contribution arrangement”  
19 means an arrangement—

20 (A) under which a participant may elect to  
21 have the plan sponsor or the employer make  
22 payments as contributions under the plan on  
23 behalf of the participant, or to the participant  
24 directly in cash,

1 (B) under which a participant is treated as  
2 having elected to have the plan sponsor or the  
3 employer make such contributions in an amount  
4 equal to a uniform percentage of compensation  
5 provided under the plan until the participant  
6 specifically elects not to have such contributions  
7 made (or specifically elects to have such con-  
8 tributions made at a different percentage), and

9 (C) under which the notice and election re-  
10 quirements of paragraph (3), and the invest-  
11 ment requirements of paragraph (4), are satis-  
12 fied.

13 (3) NOTICE REQUIREMENTS.—

14 (A) IN GENERAL.—The plan sponsor of, or  
15 plan administrator or employer maintaining, an  
16 automatic contribution arrangement shall, with-  
17 in a reasonable period before the first day of  
18 each plan year, provide to each participant to  
19 whom the arrangement applies for such plan  
20 year notice of the participant's rights and obli-  
21 gations under the arrangement which—

22 (i) is sufficiently accurate and com-  
23 prehensive to apprise the participant of  
24 such rights and obligations, and

1 (ii) is written in a manner calculated  
2 to be understood by the average partici-  
3 pant to whom the arrangement applies.

4 (B) ELECTION REQUIREMENTS.—A notice  
5 shall not be treated as meeting the require-  
6 ments of subparagraph (A) with respect to a  
7 participant unless—

8 (i) the notice includes an explanation  
9 of the participant's right under the ar-  
10 rangement not to have elective contribu-  
11 tions made on the participant's behalf (or  
12 to elect to have such contributions made at  
13 a different percentage),

14 (ii) the participant has a reasonable  
15 period of time, after receipt of the expla-  
16 nation described in clause (i) and before  
17 the first elective contribution is made, to  
18 make such election, and

19 (iii) the notice explains how contribu-  
20 tions made under the arrangement will be  
21 invested in the absence of any investment  
22 election by the participant.

23 (4) DEFAULT INVESTMENT.—If no affirmative  
24 investment election has been made with respect to  
25 any automatic contribution arrangement, contribu-

1        tions to such arrangement shall be invested in a de-  
2        fault investment selected with the care, skill, pru-  
3        dence, and diligence that a prudent person selecting  
4        an investment option would use.

5            (5) EFFECTIVE DATE.—This subsection shall  
6        take effect on the date of the enactment of this Act.

7        (d) ALLOW CERTAIN PLAN TRANSFERS AND MERG-  
8        ERS.—

9            (1) IN GENERAL.—Section 414 is amended by  
10       adding at the end the following new subsection:

11       “(z) CERTAIN PLAN TRANSFERS AND MERGERS.—

12            “(1) IN GENERAL.—Under rules prescribed by  
13       the Secretary, except as provided in paragraph (2),  
14       no amount shall be includible in gross income by  
15       reason of—

16            “(A) a transfer of all or a portion of the  
17       accrued benefit of a participant or beneficiary,  
18       whether or not vested, from a church plan that  
19       is a plan described in section 401(a) or an an-  
20       nuity contract described in section 403(b) to an  
21       annuity contract described in section 403(b), if  
22       such plan and annuity contract are both main-  
23       tained by the same church or convention or as-  
24       sociation of churches,



1           “(B) a transfer of all or a portion of the  
2           accrued benefit of a participant or beneficiary,  
3           whether or not vested, from an annuity contract  
4           described in section 403(b) to a church plan  
5           that is a plan described in section 401(a), if  
6           such plan and annuity contract are both main-  
7           tained by the same church or convention or as-  
8           sociation of churches, or

9           “(C) a merger of a church plan that is a  
10          plan described in section 401(a), or an annuity  
11          contract described in section 403(b), with an  
12          annuity contract described in section 403(b), if  
13          such plan and annuity contract are both main-  
14          tained by the same church or convention or as-  
15          sociation of churches.

16          “(2) LIMITATION.—Paragraph (1) shall not  
17          apply to a transfer or merger unless the partici-  
18          pant’s or beneficiary’s total accrued benefit imme-  
19          diately after the transfer or merger is equal to or  
20          greater than the participant’s or beneficiary’s total  
21          accrued benefit immediately before the transfer or  
22          merger, and such total accrued benefit is nonforfeit-  
23          able after the transfer or merger.

24          “(3) QUALIFICATION.—A plan or annuity con-  
25          tract shall not fail to be considered to be described

1 in section 401(a) or 403(b) merely because such  
2 plan or annuity contract engages in a transfer or  
3 merger described in this subsection.

4 “(4) DEFINITIONS.—For purposes of this sub-  
5 section—

6 “(A) CHURCH OR CONVENTION OR ASSO-  
7 CIATION OF CHURCHES.—The term ‘church or  
8 convention or association of churches’ includes  
9 an organization described in subparagraph (A)  
10 or (B)(ii) of subsection (e)(3).

11 “(B) ANNUITY CONTRACT.—The term ‘an-  
12 nuity contract’ includes a custodial account de-  
13 scribed in section 403(b)(7) and a retirement  
14 income account described in section 403(b)(9).

15 “(C) ACCRUED BENEFIT.—The term ‘ac-  
16 crued benefit’ means—

17 “(i) in the case of a defined benefit  
18 plan, the employee’s accrued benefit deter-  
19 mined under the plan, and

20 “(ii) in the case of a plan other than  
21 a defined benefit plan, the balance of the  
22 employee’s account under the plan.”.

23 (2) EFFECTIVE DATE.—The amendment made  
24 by this subsection shall apply to transfers or merg-

1       ers occurring after the date of the enactment of this  
2       Act.

3       (e) INVESTMENTS BY CHURCH PLANS IN COLLEC-  
4       TIVE TRUSTS.—

5           (1) IN GENERAL.—In the case of—

6                (A) a church plan (as defined in section  
7                414(e) of the Internal Revenue Code of 1986),  
8                including a plan described in section 401(a) of  
9                such Code and a retirement income account de-  
10               scribed in section 403(b)(9) of such Code, and

11               (B) an organization described in section  
12               414(e)(3)(A) of such Code the principal pur-  
13               pose or function of which is the administration  
14               of such a plan or account,

15       the assets of such plan, account, or organization (in-  
16       cluding any assets otherwise permitted to be com-  
17       mingled for investment purposes with the assets of  
18       such a plan, account, or organization) may be in-  
19       vested in a group trust otherwise described in Inter-  
20       nal Revenue Service Revenue Ruling 81–100 (as  
21       modified by Internal Revenue Service Revenue Rul-  
22       ings 2004–67, 2011–1, and 2014–24), or any subse-  
23       quent revenue ruling that supersedes or modifies  
24       such revenue ruling, without adversely affecting the  
25       tax status of the group trust, such plan, account, or

1 organization, or any other plan or trust that invests  
2 in the group trust.

3 (2) EFFECTIVE DATE.—This subsection shall  
4 apply to investments made after the date of the en-  
5 actment of this Act.

## 6 **Subtitle D—Revenue Provisions**

### 7 **SEC. 341. UPDATED ASHRAE STANDARDS FOR ENERGY EF-** 8 **FICIENT COMMERCIAL BUILDINGS DEDUC-** 9 **TION.**

10 (a) IN GENERAL.—Paragraph (1) of section 179D(c)  
11 is amended by striking “Standard 90.1–2001” each place  
12 it appears and inserting “Standard 90.1–2007”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Paragraph (2) of section 179D(c) is amend-  
15 ed to read as follows:

16 “(2) STANDARD 90.1–2007.—The term ‘Stand-  
17 ard 90.1–2007’ means Standard 90.1–2007 of the  
18 American Society of Heating, Refrigerating, and Air  
19 Conditioning Engineers and the Illuminating Engi-  
20 neering Society of North America (as in effect on  
21 the day before the date of the adoption of Standard  
22 90.1–2010 of such Societies).”.

23 (2) Subsection (f) of section 179D is amended  
24 by striking “Standard 90.1–2001” each place it ap-

1        appears in paragraphs (1) and (2)(C)(i) and inserting  
2        “Standard 90.1–2007”.

3            (3) Paragraph (1) of section 179D(f) is amend-  
4        ed—

5            (A) by striking “Table 9.3.1.1” and insert-  
6        ing “Table 9.5.1”, and

7            (B) by striking “Table 9.3.1.2” and insert-  
8        ing “Table 9.6.1”.

9        (c) EFFECTIVE DATE.—The amendments made by  
10 this subsection shall apply to property placed in service  
11 after December 31, 2015.

12 **SEC. 342. EXCISE TAX CREDIT EQUIVALENCY FOR**  
13 **LIQUIFIED PETROLEUM GAS AND LIQUIFIED**  
14 **NATURAL GAS.**

15        (a) IN GENERAL.—Section 6426 is amended by add-  
16 ing at the end the following new subsection:

17        “(j) ENERGY EQUIVALENCY DETERMINATIONS FOR  
18 LIQUEFIED PETROLEUM GAS AND LIQUEFIED NATURAL  
19 GAS.—For purposes of determining any credit under this  
20 section, any reference to the number of gallons of an alter-  
21 native fuel or the gasoline gallon equivalent of such a fuel  
22 shall be treated as a reference to—

23            “(1) in the case of liquefied petroleum gas, the  
24        energy equivalent of a gallon of gasoline, as defined  
25        in section 4041(a)(2)(C), and

1           “(2) in the case of liquefied natural gas, the en-  
2           ergy equivalent of a gallon of diesel, as defined in  
3           section 4041(a)(2)(D).”.

4           (b) EFFECTIVE DATE.—The amendments made by  
5           this section shall apply to fuel sold or used after December  
6           31, 2015.

7           **SEC. 343. EXCLUSION FROM GROSS INCOME OF CERTAIN**  
8                           **CLEAN COAL POWER GRANTS TO NON-COR-**  
9                           **PORATE TAXPAYERS.**

10          (a) GENERAL RULE.—In the case of an eligible tax-  
11          payer other than a corporation, gross income for purposes  
12          of the Internal Revenue Code of 1986 shall not include  
13          any amount received under section 402 of the Energy Pol-  
14          icy Act of 2005.

15          (b) REDUCTION IN BASIS.—The basis of any prop-  
16          erty subject to the allowance for depreciation under the  
17          Internal Revenue Code of 1986 which is acquired with any  
18          amount to which subsection (a) applies during the 12-  
19          month period beginning on the day such amount is re-  
20          ceived shall be reduced by an amount equal to such  
21          amount. The excess (if any) of such amount over the  
22          amount of the reduction under the preceding sentence  
23          shall be applied to the reduction (as of the last day of  
24          the period specified in the preceding sentence) of the basis  
25          of any other property held by the taxpayer. The particular

1 properties to which the reductions required by this sub-  
2 section are allocated shall be determined by the Secretary  
3 of the Treasury (or the Secretary's delegate) under regula-  
4 tions similar to the regulations under section 362(c)(2) of  
5 such Code.

6 (c) LIMITATION TO AMOUNTS WHICH WOULD BE  
7 CONTRIBUTIONS TO CAPITAL.—Subsection (a) shall not  
8 apply to any amount unless such amount, if received by  
9 a corporation, would be excluded from gross income under  
10 section 118 of the Internal Revenue Code of 1986.

11 (d) ELIGIBLE TAXPAYER.—For purposes of this sec-  
12 tion, with respect to any amount received under section  
13 402 of the Energy Policy Act of 2005, the term “eligible  
14 taxpayer” means a taxpayer that makes a payment to the  
15 Secretary of the Treasury (or the Secretary's delegate)  
16 equal to 1.18 percent of the amount so received. Such pay-  
17 ment shall be made at such time and in such manner as  
18 such Secretary (or the Secretary's delegate) shall pre-  
19 scribe. In the case of a partnership, such Secretary (or  
20 the Secretary's delegate) shall prescribe regulations to de-  
21 termine the allocation of such payment amount among the  
22 partners.

23 (e) EFFECTIVE DATE.—This section shall apply to  
24 amounts received under section 402 of the Energy Policy

1 Act of 2005 in taxable years beginning after December  
2 31, 2011.

3 **SEC. 344. CLARIFICATION OF VALUATION RULE FOR EARLY**  
4 **TERMINATION OF CERTAIN CHARITABLE RE-**  
5 **MAINDER UNITRUSTS.**

6 (a) IN GENERAL.—Section 664(e) is amended—

7 (1) by adding at the end the following: “In the  
8 case of the early termination of a trust which is a  
9 charitable remainder unitrust by reason of sub-  
10 section (d)(3), the valuation of interests in such  
11 trust for purposes of this section shall be made  
12 under rules similar to the rules of the preceding sen-  
13 tence.”, and

14 (2) by striking “FOR PURPOSES OF CHARI-  
15 TABLE CONTRIBUTION” in the heading thereof and  
16 inserting “OF INTERESTS”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 this section shall apply to terminations of trusts occurring  
19 after the date of the enactment of this Act.

20 **SEC. 345. PREVENTION OF TRANSFER OF CERTAIN LOSSES**  
21 **FROM TAX INDIFFERENT PARTIES.**

22 (a) IN GENERAL.—Section 267(d) is amended to  
23 read as follows:

24 “(d) AMOUNT OF GAIN WHERE LOSS PREVIOUSLY  
25 DISALLOWED.—



1           “(1) IN GENERAL.—If—

2                   “(A) in the case of a sale or exchange of  
3           property to the taxpayer a loss sustained by the  
4           transferor is not allowable to the transferor as  
5           a deduction by reason of subsection (a)(1), and

6                   “(B) the taxpayer sells or otherwise dis-  
7           poses of such property (or of other property the  
8           basis of which in the taxpayer’s hands is deter-  
9           mined directly or indirectly by reference to such  
10          property) at a gain,

11          then such gain shall be recognized only to the extent  
12          that it exceeds so much of such loss as is properly  
13          allocable to the property sold or otherwise disposed  
14          of by the taxpayer.

15           “(2) EXCEPTION FOR WASH SALES.—Para-  
16          graph (1) shall not apply if the loss sustained by the  
17          transferor is not allowable to the transferor as a de-  
18          duction by reason of section 1091 (relating to wash  
19          sales).

20           “(3) EXCEPTION FOR TRANSFERS FROM TAX  
21          INDIFFERENT PARTIES.—Paragraph (1) shall not  
22          apply to the extent any loss sustained by the trans-  
23          feror (if allowed) would not be taken into account in  
24          determining a tax imposed under section 1 or 11 or

1 a tax computed as provided by either of such sec-  
2 tions.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to sales and other dispositions of  
5 property acquired after December 31, 2015, by the tax-  
6 payer in a sale or exchange to which section 267(a)(1)  
7 of the Internal Revenue Code of 1986 applied.

8 **SEC. 346. TREATMENT OF CERTAIN PERSONS AS EMPLOY-**  
9 **ERS WITH RESPECT TO MOTION PICTURE**  
10 **PROJECTS.**

11 (a) **IN GENERAL.**—Chapter 25 (relating to general  
12 provisions relating to employment taxes) is amended by  
13 adding at the end the following new section:

14 **“SEC. 3512. TREATMENT OF CERTAIN PERSONS AS EMPLOY-**  
15 **ERS WITH RESPECT TO MOTION PICTURE**  
16 **PROJECTS.**

17 “(a) **IN GENERAL.**—For purposes of sections  
18 3121(a)(1) and 3306(b)(1), remuneration paid to a mo-  
19 tion picture project worker by a motion picture project em-  
20 ployer during a calendar year shall be treated as remu-  
21 neration paid with respect to employment of such worker  
22 by such employer during the calendar year. The identity  
23 of such employer for such purposes shall be determined  
24 as set forth in this section and without regard to the usual

1 common law rules applicable in determining the employer-  
2 employee relationship.

3 “(b) DEFINITIONS.—For purposes of this section—

4 “(1) MOTION PICTURE PROJECT EMPLOYER.—

5 The term ‘motion picture project employer’ means  
6 any person if—

7 “(A) such person (directly or through af-  
8 filiates)—

9 “(i) is a party to a written contract  
10 covering the services of motion picture  
11 project workers with respect to motion pic-  
12 ture projects in the course of a client’s  
13 trade or business,

14 “(ii) is contractually obligated to pay  
15 remuneration to the motion picture project  
16 workers without regard to payment or re-  
17 imbursement by any other person,

18 “(iii) controls the payment (within the  
19 meaning of section 3401(d)(1)) of remu-  
20 neration to the motion picture project  
21 workers and pays such remuneration from  
22 its own account or accounts,

23 “(iv) is a signatory to one or more  
24 collective bargaining agreements with a  
25 labor organization (as defined in 29 U.S.C.

1           152(5)) that represents motion picture  
2           project workers, and

3           “(v) has treated substantially all mo-  
4           tion picture project workers that such per-  
5           son pays as employees and not as inde-  
6           pendent contractors during such calendar  
7           year for purposes of determining employ-  
8           ment taxes under this subtitle, and

9           “(B) at least 80 percent of all remunera-  
10          tion (to which section 3121 applies) paid by  
11          such person in such calendar year is paid to  
12          motion picture project workers.

13          “(2) MOTION PICTURE PROJECT WORKER.—  
14          The term ‘motion picture project worker’ means any  
15          individual who provides services on motion picture  
16          projects for clients who are not affiliated with the  
17          motion picture project employer.

18          “(3) MOTION PICTURE PROJECT.—The term  
19          ‘motion picture project’ means the production of any  
20          property described in section 168(f)(3). Such term  
21          does not include property with respect to which  
22          records are required to be maintained under section  
23          2257 of title 18, United States Code.

24          “(4) AFFILIATE; AFFILIATED.—A person shall  
25          be treated as an affiliate of, or affiliated with, an-

1 other person if such persons are treated as a single  
2 employer under subsection (b) or (c) of section  
3 414.”.

4 (b) CLERICAL AMENDMENT.—The table of sections  
5 for such chapter 25 is amended by adding at the end the  
6 following new item:

“Sec. 3512. Treatment of certain persons as employers with respect to motion  
picture projects.”.

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to remuneration paid after Decem-  
9 ber 31, 2015.

10 (d) NO INFERENCE.—Nothing in the amendments  
11 made by this section shall be construed to create any infer-  
12 ence on the law before the date of the enactment of this  
13 Act.

14 **TITLE IV—TAX ADMINISTRATION**  
15 **Subtitle A—Internal Revenue**  
16 **Service Reforms**

17 **SEC. 401. DUTY TO ENSURE THAT INTERNAL REVENUE**  
18 **SERVICE EMPLOYEES ARE FAMILIAR WITH**  
19 **AND ACT IN ACCORD WITH CERTAIN TAX-**  
20 **PAYER RIGHTS.**

21 (a) IN GENERAL.—Section 7803(a) is amended by  
22 redesignating paragraph (3) as paragraph (4) and by in-  
23 serting after paragraph (2) the following new paragraph:

1           “(3) EXECUTION OF DUTIES IN ACCORD WITH  
2           TAXPAYER RIGHTS.—In discharging his duties, the  
3           Commissioner shall ensure that employees of the In-  
4           ternal Revenue Service are familiar with and act in  
5           accord with taxpayer rights as afforded by other  
6           provisions of this title, including—

7                   “(A) the right to be informed,

8                   “(B) the right to quality service,

9                   “(C) the right to pay no more than the  
10           correct amount of tax,

11                   “(D) the right to challenge the position of  
12           the Internal Revenue Service and be heard,

13                   “(E) the right to appeal a decision of the  
14           Internal Revenue Service in an independent  
15           forum,

16                   “(F) the right to finality,

17                   “(G) the right to privacy,

18                   “(H) the right to confidentiality,

19                   “(I) the right to retain representation, and

20                   “(J) the right to a fair and just tax sys-  
21           tem.”.

22           (b) EFFECTIVE DATE.—The amendments made by  
23           this section shall take effect on the date of the enactment  
24           of this Act.

1 **SEC. 402. IRS EMPLOYEES PROHIBITED FROM USING PER-**  
2 **SONAL EMAIL ACCOUNTS FOR OFFICIAL**  
3 **BUSINESS.**

4 No officer or employee of the Internal Revenue Serv-  
5 ice may use a personal email account to conduct any offi-  
6 cial business of the Government.

7 **SEC. 403. RELEASE OF INFORMATION REGARDING THE STA-**  
8 **TUS OF CERTAIN INVESTIGATIONS.**

9 (a) IN GENERAL.—Section 6103(e) is amended by  
10 adding at the end the following new paragraph:

11 “(11) DISCLOSURE OF INFORMATION REGARD-  
12 ING STATUS OF INVESTIGATION OF VIOLATION OF  
13 THIS SECTION.—In the case of a person who pro-  
14 vides to the Secretary information indicating a viola-  
15 tion of section 7213, 7213A, or 7214 with respect  
16 to any return or return information of such person,  
17 the Secretary may disclose to such person (or such  
18 person’s designee)—

19 “(A) whether an investigation based on the  
20 person’s provision of such information has been  
21 initiated and whether it is open or closed,

22 “(B) whether any such investigation sub-  
23 stantiated such a violation by any individual,  
24 and

25 “(C) whether any action has been taken  
26 with respect to such individual (including

1           whether a referral has been made for prosecu-  
2           tion of such individual).”.

3           (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to disclosures made on or after  
5 the date of the enactment of this Act.

6 **SEC. 404. ADMINISTRATIVE APPEAL RELATING TO AD-**  
7                                   **VERSE DETERMINATIONS OF TAX-EXEMPT**  
8                                   **STATUS OF CERTAIN ORGANIZATIONS.**

9           (a) **IN GENERAL.**—Section 7123 is amended by add-  
10 ing at the end of the following:

11           “(c) **ADMINISTRATIVE APPEAL RELATING TO AD-**  
12 **VERSE DETERMINATION OF TAX-EXEMPT STATUS OF**  
13 **CERTAIN ORGANIZATIONS.**—

14                           “(1) **IN GENERAL.**—The Secretary shall pre-  
15 scribe procedures under which an organization which  
16 claims to be described in section 501(c) may request  
17 an administrative appeal (including a conference re-  
18 lating to such appeal if requested by the organiza-  
19 tion) to the Internal Revenue Service Office of Ap-  
20 peals of an adverse determination described in para-  
21 graph (2).

22                           “(2) **ADVERSE DETERMINATIONS.**—For pur-  
23 poses of paragraph (1), an adverse determination is  
24 described in this paragraph if such determination is  
25 adverse to an organization with respect to—





1 organization is established, notify the Secretary (in such  
2 manner as the Secretary shall by regulation prescribe)  
3 that it is operating as such.

4 “(b) CONTENTS OF NOTICE.—The notice required  
5 under subsection (a) shall include the following informa-  
6 tion:

7 “(1) The name, address, and taxpayer identi-  
8 fication number of the organization.

9 “(2) The date on which, and the State under  
10 the laws of which, the organization was organized.

11 “(3) A statement of the purpose of the organi-  
12 zation.

13 “(c) ACKNOWLEDGMENT OF RECEIPT.—Not later  
14 than 60 days after receipt of such a notice, the Secretary  
15 shall send to the organization an acknowledgment of such  
16 receipt.

17 “(d) EXTENSION FOR REASONABLE CAUSE.—The  
18 Secretary may, for reasonable cause, extend the 60-day  
19 period described in subsection (a).

20 “(e) USER FEE.—The Secretary shall impose a rea-  
21 sonable user fee for submission of the notice under sub-  
22 section (a).

23 “(f) REQUEST FOR DETERMINATION.—Upon request  
24 by an organization to be treated as an organization de-  
25 scribed in section 501(c)(4), the Secretary may issue a de-

1 termination with respect to such treatment. Such request  
2 shall be treated for purposes of section 6104 as an applica-  
3 tion for exemption from taxation under section 501(a).”.

4 (b) SUPPORTING INFORMATION WITH FIRST RE-  
5 TURN.—Section 6033(f) is amended—

6 (1) by striking the period at the end and insert-  
7 ing “, and”,

8 (2) by striking “include on the return required  
9 under subsection (a) the information” and inserting  
10 the following: “include on the return required under  
11 subsection (a)—

12 “(1) the information”, and

13 (3) by adding at the end the following new  
14 paragraph:

15 “(2) in the case of the first such return filed by  
16 such an organization after submitting a notice to the  
17 Secretary under section 506(a), such information as  
18 the Secretary shall by regulation require in support  
19 of the organization’s treatment as an organization  
20 described in section 501(c)(4).”.

21 (c) FAILURE TO FILE INITIAL NOTIFICATION.—Sec-  
22 tion 6652(c) is amended by redesignating paragraphs (4),  
23 (5), and (6) as paragraphs (5), (6), and (7), respectively,  
24 and by inserting after paragraph (3) the following new  
25 paragraph:

1 “(4) NOTICES UNDER SECTION 506.—

2 “(A) PENALTY ON ORGANIZATION.—In the  
3 case of a failure to submit a notice required  
4 under section 506(a) (relating to organizations  
5 required to notify Secretary of intent to operate  
6 as 501(c)(4)) on the date and in the manner  
7 prescribed therefor, there shall be paid by the  
8 organization failing to so submit \$20 for each  
9 day during which such failure continues, but  
10 the total amount imposed under this subpara-  
11 graph on any organization for failure to submit  
12 any one notice shall not exceed \$5,000.

13 “(B) MANAGERS.—The Secretary may  
14 make written demand on an organization sub-  
15 ject to penalty under subparagraph (A) speci-  
16 fying in such demand a reasonable future date  
17 by which the notice shall be submitted for pur-  
18 poses of this subparagraph. If such notice is not  
19 submitted on or before such date, there shall be  
20 paid by the person failing to so submit \$20 for  
21 each day after the expiration of the time speci-  
22 fied in the written demand during which such  
23 failure continues, but the total amount imposed  
24 under this subparagraph on all persons for fail-

1           ure to submit any one notice shall not exceed  
2           \$5,000.”.

3           (d) CLERICAL AMENDMENT.—The table of sections  
4 for part I of subchapter F of chapter 1 is amended by  
5 adding at the end the following new item:

“Sec. 506. Organizations required to notify Secretary of intent to operate under  
501(c)(4).”.

6           (e) LIMITATION.—Notwithstanding any other provi-  
7 sion of law, any fees collected pursuant to section 506(e)  
8 of the Internal Revenue Code of 1986, as added by sub-  
9 section (a), shall not be expended by the Secretary of the  
10 Treasury or the Secretary’s delegate unless provided by  
11 an appropriations Act.

12           (f) EFFECTIVE DATE.—

13           (1) IN GENERAL.—The amendments made by  
14 this section shall apply to organizations which are  
15 described in section 501(c)(4) of the Internal Rev-  
16 enue Code of 1986 and organized after the date of  
17 the enactment of this Act.

18           (2) CERTAIN EXISTING ORGANIZATIONS.—In  
19 the case of any other organization described in sec-  
20 tion 501(c)(4) of such Code, the amendments made  
21 by this section shall apply to such organization only  
22 if, on or before the date of the enactment of this  
23 Act—

1 (A) such organization has not applied for  
2 a written determination of recognition as an or-  
3 ganization described in section 501(c)(4) of  
4 such Code, and

5 (B) such organization has not filed at least  
6 one annual return or notice required under sub-  
7 section (a)(1) or (i) (as the case may be) of sec-  
8 tion 6033 of such Code.

9 In the case of any organization to which the amend-  
10 ments made by this section apply by reason of the  
11 preceding sentence, such organization shall submit  
12 the notice required by section 506(a) of such Code,  
13 as added by this Act, not later than 180 days after  
14 the date of the enactment of this Act.

15 **SEC. 406. DECLARATORY JUDGMENTS FOR 501(c)(4) AND**  
16 **OTHER EXEMPT ORGANIZATIONS.**

17 (a) IN GENERAL.—Section 7428(a)(1) is amended by  
18 striking “or” at the end of subparagraph (C) and by in-  
19 serting after subparagraph (D) the following new subpara-  
20 graph:

21 “(E) with respect to the initial qualifica-  
22 tion or continuing qualification of an organiza-  
23 tion as an organization described in section  
24 501(c) (other than paragraph (3)) or 501(d)  
25 and exempt from tax under section 501(a), or”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to pleadings filed after the date  
3 of the enactment of this Act.

4 **SEC. 407. TERMINATION OF EMPLOYMENT OF INTERNAL**  
5 **REVENUE SERVICE EMPLOYEES FOR TAKING**  
6 **OFFICIAL ACTIONS FOR POLITICAL PUR-**  
7 **POSES.**

8 (a) IN GENERAL.—Paragraph (10) of section  
9 1203(b) of the Internal Revenue Service Restructuring  
10 and Reform Act of 1998 is amended to read as follows:

11 “(10) performing, delaying, or failing to per-  
12 form (or threatening to perform, delay, or fail to  
13 perform) any official action (including any audit)  
14 with respect to a taxpayer for purpose of extracting  
15 personal gain or benefit or for a political purpose.”.

16 (b) EFFECTIVE DATE.—The amendment made by  
17 this section shall take effect on the date of the enactment  
18 of this Act.

19 **SEC. 408. GIFT TAX NOT TO APPLY TO CONTRIBUTIONS TO**  
20 **CERTAIN EXEMPT ORGANIZATIONS.**

21 (a) IN GENERAL.—Section 2501(a) is amended by  
22 adding at the end the following new paragraph:

23 “(6) TRANSFERS TO CERTAIN EXEMPT ORGANI-  
24 ZATIONS.—Paragraph (1) shall not apply to the  
25 transfer of money or other property to an organiza-





1 **SEC. 410. CLARIFICATION OF ENROLLED AGENT CREDEN-**  
2 **TIALS.**

3 Section 330 of title 31, United States Code, is  
4 amended—

5 (1) by redesignating subsections (b), (c), and  
6 (d) as subsections (c), (d), and (e), respectively, and

7 (2) by inserting after subsection (a) the fol-  
8 lowing new subsection:

9 “(b) Any enrolled agents properly licensed to practice  
10 as required under rules promulgated under subsection (a)  
11 shall be allowed to use the credentials or designation of  
12 ‘enrolled agent’, ‘EA’, or ‘E.A.’.”

13 **SEC. 411. PARTNERSHIP AUDIT RULES.**

14 (a) CORRECTION AND CLARIFICATION TO MODIFICA-  
15 TIONS TO IMPUTED UNDERPAYMENTS.—

16 (1) Section 6225(c)(4)(A)(i) is amended by  
17 striking “in the case of ordinary income,”.

18 (2) Section 6225(c) is amended by redesignig-  
19 nating paragraphs (5) through (7) as paragraphs  
20 (6) through (8), respectively, and by inserting after  
21 paragraph (4) the following new paragraph:

22 “(5) CERTAIN PASSIVE LOSSES OF PUBLICLY  
23 TRADED PARTNERSHIPS.—

24 “(A) IN GENERAL.—In the case of a pub-  
25 licly traded partnership (as defined in section  
26 469(k)(2)), such procedures shall provide—

1           “(i) for determining the imputed un-  
2           derpayment without regard to the portion  
3           thereof that the partnership demonstrates  
4           is attributable to a net decrease in a speci-  
5           fied passive activity loss which is allocable  
6           to a specified partner, and

7           “(ii) for the partnership to take such  
8           net decrease into account as an adjustment  
9           in the adjustment year with respect to the  
10          specified partners to which such net de-  
11          crease relates.

12          “(B) SPECIFIED PASSIVE ACTIVITY  
13          LOSS.—For purposes of this paragraph, the  
14          term ‘specified passive activity loss’ means, with  
15          respect to any specified partner of such publicly  
16          traded partnership, the lesser of—

17               “(i) the passive activity loss of such  
18               partner which is separately determined  
19               with respect to such partnership under sec-  
20               tion 469(k) with respect to such partner’s  
21               taxable year in which or with which the re-  
22               viewed year of such partnership ends, or

23               “(ii) such passive activity loss so de-  
24               termined with respect to such partner’s

1 taxable year in which or with which the ad-  
2 justment year of such partnership ends.

3 “(C) SPECIFIED PARTNER.—For purposes  
4 of this paragraph, the term ‘specified partner’  
5 means any person if such person—

6 “(i) is a partner of the publicly traded  
7 partnership referred to in subparagraph  
8 (A),

9 “(ii) is described in section 469(a)(2),  
10 and

11 “(iii) has a specified passive activity  
12 loss with respect to such publicly traded  
13 partnership,

14 with respect to each taxable year of such person  
15 which is during the period beginning with the  
16 taxable year of such person in which or with  
17 which the reviewed year of such publicly traded  
18 partnership ends and ending with the taxable  
19 year of such person in which or with which the  
20 adjustment year of such publicly traded part-  
21 nership ends.”.

22 (b) CORRECTION AND CLARIFICATION TO JUDICIAL  
23 REVIEW OF PARTNERSHIP ADJUSTMENT .—

24 (1) Section 6226 is amended by adding at the  
25 end the following new subsection:

1       “(d) JUDICIAL REVIEW.—For the time period within  
2 which a partnership may file a petition for a readjustment,  
3 see section 6234(a).”.

4           (2) Subsections (a)(3), (b)(1), and (d) of sec-  
5 tion 6234 are each amended by striking “the Claims  
6 Court” and inserting “the Court of Federal Claims”.

7           (3) The heading for section 6234(b) is amended  
8 by striking “CLAIMS COURT” and inserting “COURT  
9 OF FEDERAL CLAIMS”.

10       (c) CORRECTION AND CLARIFICATION TO PERIOD OF  
11 LIMITATIONS ON MAKING ADJUSTMENTS.—

12           (1) Section 6235(a)(2) is amended by striking  
13 “paragraph (4)” and inserting “paragraph (7)”.

14           (2) Section 6235(a)(3) is amended by striking  
15 “270 days” and inserting “330 days (plus the num-  
16 ber of days of any extension consented to by the  
17 Secretary under section 6225(c)(7))”.

18       (d) TECHNICAL AMENDMENT.—Section 6031(b) is  
19 amended by striking the last sentence and inserting the  
20 following: “Except as provided in the procedures under  
21 section 6225(c), with respect to statements under section  
22 6226, or as otherwise provided by the Secretary, informa-  
23 tion required to be furnished by the partnership under this  
24 subsection may not be amended after the due date of the

1 return under subsection (a) to which such information re-  
2 lates.”.

3 (e) EFFECTIVE DATE.—The amendments made by  
4 this section shall take effect as if included in section 1101  
5 of the Bipartisan Budget Act of 2015.

6 **Subtitle B—United States Tax**  
7 **Court**

8 **PART 1—TAXPAYER ACCESS TO UNITED STATES**

9 **TAX COURT**

10 **SEC. 421. FILING PERIOD FOR INTEREST ABATEMENT**

11 **CASES.**

12 (a) IN GENERAL.—Subsection (h) of section 6404 is  
13 amended—

14 (1) by striking “REVIEW OF DENIAL” in the  
15 heading and inserting “JUDICIAL REVIEW”, and

16 (2) by striking “if such action is brought” and  
17 all that follows in paragraph (1) and inserting “if  
18 such action is brought—

19 “(A) at any time after the earlier of—

20 “(i) the date of the mailing of the  
21 Secretary’s final determination not to  
22 abate such interest, or

23 “(ii) the date which is 180 days after  
24 the date of the filing with the Secretary (in  
25 such form as the Secretary may prescribe)

1 of a claim for abatement under this sec-  
2 tion, and

3 “(B) not later than the date which is 180  
4 days after the date described in subparagraph  
5 (A)(i).”.

6 (b) **EFFECTIVE DATE.**—The amendments made by  
7 this section shall apply to claims for abatement of interest  
8 filed with the Secretary of the Treasury after the date of  
9 the enactment of this Act.

10 **SEC. 422. SMALL TAX CASE ELECTION FOR INTEREST**  
11 **ABATEMENT CASES.**

12 (a) **IN GENERAL.**—Subsection (f) of section 7463 is  
13 amended—

14 (1) by striking “and” at the end of paragraph

15 (1),

16 (2) by striking the period at the end of para-  
17 graph (2) and inserting “, and”, and

18 (3) by adding at the end the following new  
19 paragraph:

20 “(3) a petition to the Tax Court under section  
21 6404(h) in which the amount of the abatement  
22 sought does not exceed \$50,000.”.

23 (b) **EFFECTIVE DATE.**—The amendments made by  
24 this section shall apply to cases pending as of the day after

1 the date of the enactment of this Act, and cases com-  
2 menced after such date of enactment.

3 **SEC. 423. VENUE FOR APPEAL OF SPOUSAL RELIEF AND**  
4 **COLLECTION CASES.**

5 (a) IN GENERAL.—Paragraph (1) of section 7482(b)  
6 is amended—

7 (1) by striking “or” at the end of subparagraph  
8 (D),

9 (2) by striking the period at the end of sub-  
10 paragraph (E), and

11 (3) by inserting after subparagraph (E) the fol-  
12 lowing new subparagraphs:

13 “(F) in the case of a petition under section  
14 6015(e), the legal residence of the petitioner, or

15 “(G) in the case of a petition under section  
16 6320 or 6330—

17 “(i) the legal residence of the peti-  
18 tioner if the petitioner is an individual, and

19 “(ii) the principal place of business or  
20 principal office or agency if the petitioner  
21 is an entity other than an individual.”.

22 (b) EFFECTIVE DATE.—

23 (1) IN GENERAL.—The amendments made by  
24 this section shall apply to petitions filed after the  
25 date of enactment of this Act.

1           (2) EFFECT ON EXISTING PROCEEDINGS.—  
2           Nothing in this section shall be construed to create  
3           any inference with respect to the application of sec-  
4           tion 7482 of the Internal Revenue Code of 1986  
5           with respect to court proceedings filed on or before  
6           the date of the enactment of this Act.

7   **SEC. 424. SUSPENSION OF RUNNING OF PERIOD FOR FIL-**  
8                           **ING PETITION OF SPOUSAL RELIEF AND COL-**  
9                           **LECTION CASES.**

10          (a) PETITIONS FOR SPOUSAL RELIEF.—

11               (1) IN GENERAL.—Subsection (e) of section  
12               6015 is amended by adding at the end the following  
13               new paragraph:

14                       “(6) SUSPENSION OF RUNNING OF PERIOD FOR  
15                       FILING PETITION IN TITLE 11 CASES.—In the case  
16                       of a person who is prohibited by reason of a case  
17                       under title 11, United States Code, from filing a pe-  
18                       tition under paragraph (1)(A) with respect to a final  
19                       determination of relief under this section, the run-  
20                       ning of the period prescribed by such paragraph for  
21                       filing such a petition with respect to such final de-  
22                       termination shall be suspended for the period during  
23                       which the person is so prohibited from filing such a  
24                       petition, and for 60 days thereafter.”.



1           (2) EFFECTIVE DATE.—The amendment made  
2           by this subsection shall apply to petitions filed under  
3           section 6015(e) of the Internal Revenue Code of  
4           1986 after the date of the enactment of this Act.

5           (b) COLLECTION PROCEEDINGS.—

6           (1) IN GENERAL.—Subsection (d) of section  
7           6330 is amended—

8                   (A) by striking “appeal such determination  
9                   to the Tax Court” in paragraph (1) and insert-  
10                  ing “petition the Tax Court for review of such  
11                  determination”,

12                  (B) by striking “JUDICIAL REVIEW OF DE-  
13                  TERMINATION” in the heading of paragraph (1)  
14                  and inserting “PETITION FOR REVIEW BY TAX  
15                  COURT”,

16                  (C) by redesignating paragraph (2) as  
17                  paragraph (3), and

18                  (D) by inserting after paragraph (1) the  
19                  following new paragraph:

20                  “(2) SUSPENSION OF RUNNING OF PERIOD FOR  
21                  FILING PETITION IN TITLE 11 CASES.—In the case  
22                  of a person who is prohibited by reason of a case  
23                  under title 11, United States Code, from filing a pe-  
24                  tition under paragraph (1) with respect to a deter-  
25                  mination under this section, the running of the pe-

1       riod prescribed by such subsection for filing such a  
2       petition with respect to such determination shall be  
3       suspended for the period during which the person is  
4       so prohibited from filing such a petition, and for 30  
5       days thereafter, and”.

6           (2) EFFECTIVE DATE.—The amendments made  
7       by this subsection shall apply to petitions filed under  
8       section 6330 of the Internal Revenue Code of 1986  
9       after the date of the enactment of this Act.

10       (c) CONFORMING AMENDMENT.—Subsection (c) of  
11       section 6320 is amended by striking “(2)(B)” and insert-  
12       ing “(3)(B)”.

13       **SEC. 425. APPLICATION OF FEDERAL RULES OF EVIDENCE.**

14       (a) IN GENERAL.—Section 7453 is amended by strik-  
15       ing “the rules of evidence applicable in trials without a  
16       jury in the United States District Court of the District  
17       of Columbia” and inserting “the Federal Rules of Evi-  
18       dence”.

19       (b) EFFECTIVE DATE.—The amendment made by  
20       this section shall apply to proceedings commenced after  
21       the date of the enactment of this Act and, to the extent  
22       that it is just and practicable, to all proceedings pending  
23       on such date.

1           **PART 2—UNITED STATES TAX COURT**

2                           **ADMINISTRATION**

3 **SEC. 431. JUDICIAL CONDUCT AND DISABILITY PROCE-**  
4                           **DURES.**

5           (a) IN GENERAL.—Part II of subchapter C of chap-  
6 ter 76 is amended by adding at the end the following new  
7 section:

8 **“SEC. 7466. JUDICIAL CONDUCT AND DISABILITY PROCE-**  
9                           **DURES.**

10           “(a) IN GENERAL.—The Tax Court shall prescribe  
11 rules, consistent with the provisions of chapter 16 of title  
12 28, United States Code, establishing procedures for the  
13 filing of complaints with respect to the conduct of any  
14 judge or special trial judge of the Tax Court and for the  
15 investigation and resolution of such complaints. In inves-  
16 tigating and taking action with respect to any such com-  
17 plaint, the Tax Court shall have the powers granted to  
18 a judicial council under such chapter.

19           “(b) JUDICIAL COUNCIL.—The provisions of sections  
20 354(b) through 360 of title 28, United States Code, re-  
21 garding referral or certification to, and petition for review  
22 in the Judicial Conference of the United States, and action  
23 thereon, shall apply to the exercise by the Tax Court of  
24 the powers of a judicial council under subsection (a). The  
25 determination pursuant to section 354(b) or 355 of title  
26 28, United States Code, shall be made based on the

1 grounds for removal of a judge from office under section  
2 7443(f), and certification and transmittal by the Con-  
3 ference of any complaint shall be made to the President  
4 for consideration under section 7443(f).

5 “(c) HEARINGS.—

6 “(1) IN GENERAL.—In conducting hearings  
7 pursuant to subsection (a), the Tax Court may exer-  
8 cise the authority provided under section 1821 of  
9 title 28, United States Code, to pay the fees and al-  
10 lowances described in that section.

11 “(2) REIMBURSEMENT FOR EXPENSES.—The  
12 Tax Court shall have the power provided under sec-  
13 tion 361 of such title 28 to award reimbursement for  
14 the reasonable expenses described in that section.  
15 Reimbursements under this paragraph shall be made  
16 out of any funds appropriated for purposes of the  
17 Tax Court.”.

18 (b) CLERICAL AMENDMENT.—The table of sections  
19 for part II of subchapter C of chapter 76 is amended by  
20 adding at the end the following new item:

“Sec. 7466. Judicial conduct and disability procedures.”.

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to proceedings commenced after  
23 the date which is 180 days after the date of the enactment  
24 of this Act and, to the extent just and practicable, all pro-  
25 ceedings pending on such date.

1 **SEC. 432. ADMINISTRATION, JUDICIAL CONFERENCE, AND**  
2 **FEEES.**

3 (a) IN GENERAL.—Part III of subchapter C of chap-  
4 ter 76 is amended by inserting before section 7471 the  
5 following new sections:

6 **“SEC. 7470. ADMINISTRATION.**

7 “Notwithstanding any other provision of law, the Tax  
8 Court may exercise, for purposes of management, adminis-  
9 tration, and expenditure of funds of the Court, the au-  
10 thorities provided for such purposes by any provision of  
11 law (including any limitation with respect to such provi-  
12 sion of law) applicable to a court of the United States (as  
13 that term is defined in section 451 of title 28, United  
14 States Code), except to the extent that such provision of  
15 law is inconsistent with a provision of this subchapter.

16 **“SEC. 7470A. JUDICIAL CONFERENCE.**

17 “(a) JUDICIAL CONFERENCE.—The chief judge may  
18 summon the judges and special trial judges of the Tax  
19 Court to an annual judicial conference, at such time and  
20 place as the chief judge shall designate, for the purpose  
21 of considering the business of the Tax Court and recom-  
22 mending means of improving the administration of justice  
23 within the jurisdiction of the Tax Court. The Tax Court  
24 shall provide by its rules for representation and active par-  
25 ticipation at such conferences by persons admitted to prac-

1 tice before the Tax Court and by other persons active in  
2 the legal profession.

3 “(b) REGISTRATION FEE.—The Tax Court may im-  
4 pose a reasonable registration fee on persons (other than  
5 judges and special trial judges of the Tax Court) partici-  
6 pating at judicial conferences convened pursuant to sub-  
7 section (a). Amounts so received by the Tax Court shall  
8 be available to the Tax Court to defray the expenses of  
9 such conferences.”.

10 (b) DISPOSITION OF FEES.—Section 7473 is amend-  
11 ed to read as follows:

12 **“SEC. 7473. DISPOSITION OF FEES.**

13 “Except as provided in sections 7470A and 7475, all  
14 fees received by the Tax Court pursuant to this title shall  
15 be deposited into a special fund of the Treasury to be  
16 available to offset funds appropriated for the operation  
17 and maintenance of the Tax Court.”.

18 (c) CLERICAL AMENDMENTS.—The table of sections  
19 for part III of subchapter C of chapter 76 is amended  
20 by inserting before the item relating to section 7471 the  
21 following new items:

“Sec. 7470. Administration.

“Sec. 7470A. Judicial conference.”.

1 **PART 3—CLARIFICATION RELATING TO UNITED**  
2 **STATES TAX COURT**

3 **SEC. 441. CLARIFICATION RELATING TO UNITED STATES**  
4 **TAX COURT.**

5 Section 7441 is amended by adding at the end the  
6 following: “The Tax Court is not an agency of, and shall  
7 be independent of, the executive branch of the Govern-  
8 ment.”.

9 **TITLE V—TRADE-RELATED**  
10 **PROVISIONS**

11 **SEC. 501. MODIFICATION OF EFFECTIVE DATE OF PROVI-**  
12 **SIONS RELATING TO TARIFF CLASSIFICATION**  
13 **OF RECREATIONAL PERFORMANCE OUTER-**  
14 **WEAR.**

15 Section 601(c) of the Trade Preferences Extension  
16 Act of 2015 (Public Law 114–27; 129 Stat. 412) is  
17 amended—

18 (1) in paragraph (1), by striking “the 180th  
19 day after the date of the enactment of this Act” and  
20 inserting “March 31, 2016”; and

21 (2) in paragraph (2), by striking “such 180th  
22 day” and inserting “March 31, 2016”.

1 **SEC. 502. AGREEMENT BY ASIA-PACIFIC ECONOMIC CO-**  
2 **OPERATION MEMBERS TO REDUCE RATES OF**  
3 **DUTY ON CERTAIN ENVIRONMENTAL GOODS.**

4 Section 107 of the Bipartisan Congressional Trade  
5 Priorities and Accountability Act of 2015 (Public Law  
6 114–26; 19 U.S.C. 4206) is amended by adding at the  
7 end the following:

8 “(c) AGREEMENT BY ASIA-PACIFIC ECONOMIC CO-  
9 OPERATION MEMBERS TO REDUCE RATES OF DUTY ON  
10 CERTAIN ENVIRONMENTAL GOODS.—Notwithstanding  
11 the notification requirement described in section  
12 103(a)(2), the President may exercise the proclamation  
13 authority provided for in section 103(a)(1)(B) to imple-  
14 ment an agreement by members of the Asia-Pacific Eco-  
15 nomic Cooperation (APEC) to reduce any rate of duty on  
16 certain environmental goods included in Annex C of the  
17 APEC Leaders Declaration issued on September 9, 2012,  
18 if (and only if) the President, as soon as feasible after  
19 the date of the enactment of this subsection, and before  
20 exercising proclamation authority under section  
21 103(a)(1)(B), notifies Congress of the negotiations relat-  
22 ing to the agreement and the specific United States objec-  
23 tives in the negotiations.”



# 1 **TITLE VI—BUDGETARY EFFECTS**

## 2 **SEC. 601. BUDGETARY EFFECTS.**

3 (a) PAYGO SCORECARD.—The budgetary effects of  
4 this Act shall not be entered on either PAYGO scorecard  
5 maintained pursuant to section 4(d) of the Statutory Pay-  
6 As-You-Go Act of 2010.

7 (b) SENATE PAYGO SCORECARD.—The budgetary ef-  
8 fects of this Act shall not be entered on any PAYGO score-  
9 card maintained for purposes of section 201 of S. Con.  
10 Res. 21 (110th Congress).

